

# FINANCIAL TIMES



**Equatorial Guinea**  
**Oil bonanza for banana basket case**  
Page 7

**'Free' trade pacts**  
**Building blocks or stumbling blocks?**  
Martin Wolf, Page 14

**Rosen's motor**  
**Mean, lean and green powertrain**  
Technology, Page 12



**Today's surveys**  
**Netherlands**  
**Northern Ireland**  
Separate Sections

World Business Newspaper <http://www.FT.com>

TUESDAY OCTOBER 29 1996

## European Union aims to counter US Cuba laws

The European Union is pressing ahead with moves to counter US laws penalising foreign companies that do business in Cuba. A tense day of talks in Luxembourg ended with Denmark dropping its threatened veto of the EU moves and agreeing to a compromise. The EU has already complained to the World Trade Organisation about the Helms-Burton law, but further counter-measures are seen as a test of Europe's credibility in trade policy. Page 4

**Air France** hinted it might bid for AOM, its domestic rival. The suggestion comes as British Airways looks set to boost its position in France by winning control of private carrier Air Libéria. Page 17

**Portugal set to back bid:** Lisbon looks set to approve an Es33.15bn (\$215.7m) bid led by US cigarette maker Philip Morris for 65 per cent of state-owned tobacco company Tabacosa. Page 17

**Deutsche Telekom** chief Ron Sommer said the German company's priority would be cutting its debt to DM465bn (\$42bn) by 2000 - even if it meant forgoing chances to expand. Page 17

**Army admits killings:** Burundi's Tutsi-dominated army admitted killing about 50 Hutu civilians earlier this month and said those responsible would be punished. Editorial Comment, Page 15

**Bhutto gives up finance portfolio:** Beleaguered Pakistan prime minister Benazir Bhutto (left) gave up the finance portfolio she has held since coming to power three years ago. Her successor in the job will be privatisation minister Naveed Qamar. His appointment is seen as a move to please the International Monetary Fund, which has been withholding a \$600m stand-by loan pending firm government action. Page 16; Warning on tariff cuts, Page 4

**UK seeks to ban combat knives:** Britain's Conservative government agreed to consult all political parties on banning combat knives following last month's conviction of a youth for the fatal stabbing of a London headmaster. Page 9

**McDonnell Douglas** has scrapped plans to develop a large jetliner to compete with market leaders Boeing and Airbus. The move will revive questions about the aerospace group's future in the commercial sector. Page 20

**Crackdown on tax debtors:** Russia has launched its threatened crackdown on corporate tax debtors by starting bankruptcy proceedings against four big companies. Page 2

**Ukraine plans to follow Russia** into the international capital markets by issuing its first eurobond, possibly by early 1997. Page 3

**European pensions:** A British parliamentary committee will call this week for the scale of countries' unfunded pension liabilities - those not covered by specific assets - to become a new criterion for eligibility to join a European single currency. Page 9

**Citibank:** Japan's post and telecoms ministry has granted Citibank permission in principle to link with nearly 20,000 automated teller machines operated by post offices across Japan. Page 17

**Fever hits Vietnam:** Dengue fever has broken out in Vietnam's Mekong Delta following the worst floods for years. Nine people have died and 4,000 cases have been reported.

**Bulgarian Socialists beaten:** Bulgaria's ruling former communists lost in weekend presidential elections, according to official preliminary results showing opposition candidate Petar Stoyanov ahead with 43.65 per cent of the vote with Socialist rival Ivan Marazov on 27.07 per cent. Page 2

**Marcos jewels to be auctioned:** A Philippines court approved the auction of almost \$12m of jewellery belonging to former first lady Imelda Marcos. A Marcos family request to stop the sale was rejected.

FT.com is the FT web site provides online news, comment and analysis at <http://www.FT.com>

### STOCK MARKET INDICES

New York	Dow Jones Ind	5,998.21	(+10.81)
	NASDAQ Composite	1,220.78	(-1.82)
Europe	London	2,150.39	(+12.00)
	Frankfurt	2,703.83	(+29.81)
	FTSE 100	4,025.3	(+2.9)
	Nikkei	20,895.41	(+145.44)

### US LUNCHTIME RATES

Federal Funds	5 1/4%
3-month Treas Bill	5.131%
Long Term	8.53
Yield	6.828%

### OTHER RATES

UK 3-mo Interbank	9%	(same)
UK 10 yr Gilt	9.9%	(99.8)
France 10 yr OAT	103.72	(103.69)
Germany 10 yr Bund	101.49	(101.64)
Japan 10 yr JGB	182.8297	(182.568)

### NORTH SEA OIL (Argus)

Brent Crude	\$24.65	(24.11)
-------------	---------	---------

### GOLD

New York Comex	338.46	(same)
London	338.15	(382.7)

### DOLLAR

New York	1.8125
DM	1.517
FF	5.1295
Sfr	1.258
Y	114.18

### STERLING

London	1.6121	(1.6041)
DM	1.5203	(1.5234)
FF	5.1336	(5.1433)
Sfr	1.2583	(1.2623)
Y	114.249	(113.389)

Tokyo close: Y 112.5

Continued on Page 16

## Drop in deficit boosts Clinton in week before poll

By Patti Waldmeir in Washington

President Bill Clinton yesterday began the final week of the US presidential election campaign by announcing a drop in the federal budget deficit to the lowest level in 15 years. It was an attempt to lift the spirits of voters with more of the positive economic news that has given him such a commanding lead in the opinion polls.

Exploiting the advantages of incumbency to the limit, Mr Clinton unveiled the deficit figure with considerable campaign fanfare. Two young Democrats pulled a cord to reveal the new number on a red, white and blue banner behind the president at a rally in St Louis, Missouri. The banner showed the deficit for the fiscal year to September 30 was \$107.3bn, down 63 per cent from 1992. It is the lowest deficit since 1981, when it stood at \$79bn.

Before Mr Clinton had spoken, in what has become known in the 1996 campaign as a "prebarral", senior Republicans began claiming credit for the reduction. Mr Haley Barbour, Republican party chairman, said: "This is a huge



**America prepares to vote**

The races that count

Page 6

that Mr Clinton had more than fulfilled his 1992 promise to halve the deficit.

Opinion polls show that the size of the deficit is an important issue among American voters. They have largely rejected Republican candidate Mr Bob Dole's promise of tax cuts because they fear the effect on the deficit. Yesterday's news gave Mr Clinton an opportunity to take a swipe at Mr Dole, who has become increasingly shrill in his denunciations of the president's character and turned on voters to accuse them of failing to "wake up" and reject Mr Clinton as president.

"I would say that these results prove that America is awake and moving in the right direction," Mr Clinton said. The new figure provided "more evidence that our economy is on the right track". Opinion polls show voter perceptions of a healthy economy are the most important reason for Mr Clinton's two-digit poll lead before next Tuesday's election.

Mr Clinton made the announcement at the start of a three-state tour of the Midwest, traditionally a region where support for Democrats and Republicans is balanced

## Nazi gold inquiry accepted by banks

By Norma Cohen in London

Swiss banks have agreed to the most sweeping investigation ever into their secretive banking practices, giving independent auditors "unfettered access to all relevant files" about the dormant accounts of Nazi victims.

The auditors will be asked to discover whether the banks illegally disguised the accounts in previous investigations to avoid handing over proceeds to their rightful owners.

The International Committee of Eminent Persons, set up by Swiss banks and the World Jewish Congress in response to international anger over Switzerland's role in handling dormant accounts, has set out the terms of reference for its inquiry in a confidential nine-page memorandum.

The memorandum was sent on October 18 to the big six auditing firms seeking to become the accountants to the committee charged with carrying out the investigation. The committee is headed by Mr Paul Volcker, former chairman of the US Federal Reserve Board.

The memo, a copy of which has been obtained by the Financial Times, outlines plans for a pilot audit of four Swiss banks to be completed before June 1997 and the final audit to be completed by June 1998.

It says the accountants will have to investigate not only the existence of previously unreported bank accounts but also those which would have been classified as dormant were it not "as a result of actions that were inconsistent with the banks' legal or fiduciary duties".

The auditors will be required to "review the record-keeping practices at individual banks at the time of the account opening during the 1934-46 period, and

## German bank talks may lead to merger

By Frederick Studemann in Berlin

Bankers in Berlin said yesterday that talks between two of Germany's large regional banking groups could lead to a merger that would create the country's second-largest bank, with assets over DM500bn (\$337.80bn), and would strengthen Berlin as a financial centre.

In a joint statement, the two banks, Bankgesellschaft Berlin and Norddeutsche Landesbank, said it was agreed at a meeting of their boards on Friday that talks aimed at devel-

oping a closer working relationship should be stepped up. The statement emphasised that Mr Eberhard Diepgen, the mayor of Berlin, and Mr Gerhard Schröder, minister-president of the state of Lower Saxony, had attended the meeting.

The city of Berlin holds a 56.8 per cent stake in BGB and Lower Saxony owns 40 per cent of Nord/LB.

Nord/LB said talks had been taking place for some time, but were geared towards a co-operative venture, not a merger.

BGB and Nord/LB have already established a joint data-processing subsidiary,

merged their mortgage banking operations and set up a consulting company to advise public sector bodies on project finance and privatisation.

Nord/LB already has a 15 per cent direct equity stake in BGB, and, through a 25 per cent stake in Gothaer Betätigungsgesellschaft, the investment arm of the Gothaer Insurance group, has a further indirect holding of 2.5 per cent.

Against the backdrop of increasing consolidation in the banking sector, a merger of Nord/LB and BGB has often been seen as a likely move.

But it is a problematical one

as it requires agreement by four regional governments. The news that Mr Diepgen and Mr Schröder have given their support for a stepping up of talks has been interpreted as a sign that prospects of a merger have improved.

As well as the government of Lower Saxony, Nord/LB's shareholders include the east German states of Mecklenburg-Vorpommern and Saxony-Anhalt, each with 16.66 per cent, and Lower Saxony's savings banks, which hold 26.66 per cent.

Besides its direct majority stake in BGB, the city of Ber-

lin owns a 25 per cent stake in Landesbank Berlin, one of the three banks which were brought together in January 1994 to form BGB.

Since then BGB has grappled with the costs of consolidation. Operating profits in the first half of 1996 fell 39 per cent to DM310m, while costs rose 12 per cent to DM1.2bn.

In the first nine months of 1996, Nord/LB had operating profits before provisions of DM516m, 16 per cent up on the previous period. Administrative costs rose 6.7 per cent.

Observer, Page 15



US president Bill Clinton begins his campaign tour of the swing states in St Louis yesterday

and where the election result is usually close. This year, Mr Clinton holds a strong lead in opinion polls in many Midwestern states, highlighting the weakness of Mr Dole's campaign.

The former Senator was yesterday campaigning in California, where he spent the weekend issuing increasingly gloomy warnings about the President's character, even implying that Mr Clinton

might be impeached because of ethical violations. He insisted that he was merely repeating a warning from Mr Ross Perot, the Reform party presidential candidate.

## SA groups unravel web of holdings

By Mark Ashurst in Johannesburg

The complex web of cross-shareholdings among South African conglomerates unraveled further yesterday as Malbak, the industrial group, announced plans to unwind its subsidiaries.

The move is driven by Sanlam, the country's second largest life insurer, which plans to scale down its non-core investments to focus on its financial services business. Sanlam, together with Sankorp, its industrial holdings subsidiary, has a controlling stake of 31.7 per cent in Malbak.

Mr Peter Benningfield, Malbak's acting chief executive, said unbundling would add at least 15 per cent to the value of its listed subsidiaries. The details had not been finalised, but the move was likely to combine disposals with share transfers to Malbak shareholders.

Advisers have valued Malbak's assets at R24.60 (\$5.40) a share, a premium of 15.2 per cent to yesterday's trading price of R21.50.

Malbak has a market capitalisation of about \$1.6bn and interests spanning most of the non-mining sector of South Africa's economy. They include Foodcorp, a food producer; Kohler, a packaging

group; SA Druggists, a pharmaceutical supplier; two retail chains, Ellertine and New Clicks; and a diverse portfolio of non-listed subsidiaries from electrical goods to freight and motor vehicle retail.

Mr Benningfield said most of the unlisted companies would be sold for cash, and the proceeds distributed to shareholders. Where bids fell short of the "full value" of the unlisted companies, they would be held for disposal at a later date.

For listed companies, the group would consider selling its controlling stakes "in a single transaction to secure a control premium and to secure a similar offer for minority shareholders".

In terms of a voting agreement, Sanlam's stake in Malbak is pooled with 6.4 per cent held by Rembrandt, the tobacco and industrial group held by South Africa's Rupert family. Sanlam and Rembrandt also have a combined shareholding of more than 35 per cent in many of the underlying companies. The unbundling will effectively dilute their control but boost the value of their investment portfolios.

Mr Marinos Daling, chairman of Sanlam, has indicated that one of the main objectives of unbundling is to create

Continued on Page 16

**Chopard**  
GENÈVE  
Depuis 1860

LE PETIT-FILS DE L.-U. CHOPARD **L.U.C.** FABRIQUE D'HORLOGERIE SOIGNEE

The timeless lines of mechanical perfection - Our tradition since 1860

The classic "tonneau" form with automatic movement, power reserve indicator, date, small second hand (Style no. 162248). The refined extra-thin model with automatic movement, power reserve up to 4 days, with date and small second hand (Style no. 161223). In 18K yellow gold, rose gold or platinum. Available at leading watch-specialists worldwide. For information: Chopard Genève, Tel. 022/782 17 17, Fax 022/782 38 59 - London: Chopard Boutique, 14 New Bond Street, Tel. 0171/409 3140

NEWS: EUROPE

Future EMI chief warns too much stress being placed on one-off budget measures

# Rush to qualify for Emu condemned

By David Brown in Amsterdam

The stability of Europe's planned single currency is being put in danger because aspiring member countries are relying too much on one-off budgetary manoeuvres to secure their place. This is the view of Mr Wim Duisenberg, the Dutch central bank governor, who is to preside over the transition to monetary union.

Mr Duisenberg, who will become president of the Frankfurt-based European Monetary Institute next July, said in an interview that structural deficits and

debt levels were not being paid enough attention. Spain and Italy have made clear this month that they intend to go all-out to qualify for the first round of monetary union in two years' time. This will require special arrangements in their national budgets for 1997, the year on which eligibility will be judged.

Among harder currency countries, the Netherlands - where public debt remains outside Emu convergence criteria - was itself using exceptional measures, such as running down the treasury's F10bn-plus (about \$42m) account with the cen-

tral bank, he conceded. "Of course, various tricks and one-off measures can effectively bring one's figures near or under the target criteria for 1997, but the essence of the Maastricht exercise is that reform should be pursued in a more structural way," he said. Mr Duisenberg, a monetarist, has maintained a fierce independence from Dutch government policy.

But in a strong defence of the Emu project, he maintained that Europe could count on faster economic growth and higher employment if it moved determinedly towards the single

currency regime. This is in contrast to those who argue that the plan could depress growth, darken prospects for Europe's 16m unemployed, and force the costs of a transition on to the public at large.

Mr Duisenberg, who is also tipped to head the European central bank, successor to the EMI, insisted the EU's high jobless rate was due to cyclical factors and labour market rigidities. However, the move towards Emu had inspired governments to take steps to improve the functioning of their labour markets and reduce their role in the economy overall.

This would naturally help fight unemployment.

Mr Duisenberg's remarks come against a background of deteriorating labour relations and further signs of a fraying social consensus in many parts of the EU. Within the past fortnight Germany, France and Belgium have suffered nationwide strikes, while both France and Austria have witnessed an electoral polarisation towards anti-European extremes.

He rejected suggestions that fears among bankers about access to the Target currency clearing system were symptomatic of a

deeper split emerging between Emu "ins" and "outs" within a multi-track Europe.

Mr Duisenberg described the split over Target as primarily a technical issue, although it had political and commercial overtones. He said several commercial banks, in countries such as Denmark, had signalled that they might transfer their central treasuries to place themselves within the single currency area.

Stable exchange rates would improve the effective functioning of the market overall, he maintained. See Netherlands survey

EUROPEAN NEWS DIGEST

## Hungary faces forex losses

Two senior Hungarian central bank officials, including the vice-president responsible for the country's large foreign debt, have offered to resign over a foreign exchange contract with Austrian bank Creditanstalt that may lose the state several million dollars. The matter has been referred to the cabinet.

Less than a month ago the industry minister and entire board of the state privatisation agency were sacked over irregular payments of about \$5m to a consultant. Analysts said the departure of Mr Frigyes Harsbegyi and Mr Sandor Csirjak, both long-standing and respected central bank vice-presidents, would be a serious loss. Mr Harsbegyi is one of Hungary's best-known officials and is the mastermind behind the country's successful foreign borrowing programme and debt management. Although still the largest per capita in the former east bloc, Hungary's foreign debt has fallen sharply, reaching \$27.2bn at the end of May, down from a peak of \$33.2bn in July 1995.

## SPD assails economic 'chaos'

Germany's opposition Social Democrat party yesterday obtained a special session of parliament tomorrow to debate the country's economic problems, but it failed to secure the return of Chancellor Helmut Kohl from the Far East. Mr Rudolf Scharping, the SPD's parliamentary leader, said Mr Kohl should return to answer charges that the federal finances were "in chaos", the economy out of balance and the 1996 budget unconstitutional because borrowing was likely to exceed the legal limit.

However, Mr Friedrich Bohl, head of the chancellery, said Mr Kohl was drumming up employment on his trip to Indonesia, the Philippines and Japan. Also, Germany's six leading economic research institutes, which produce their traditional autumn report today, would forecast growth of about 2.5 per cent next year after about 1 per cent this year.

The government coalition yesterday put on a more united front after a weekend of tension in which the junior Free Democrat party warned of a possible rupture in the event of new tax increases. Mr Wolfgang Gerhardt, the FDP leader, said the present coalition was the only grouping capable of implementing much needed structural reforms.

## French poll plea rejected

Leading figures in France's governing Gaullist RPR party yesterday dismissed a call by the centre-right UDF, the junior coalition partner, that President Jacques Chirac should respond to France's economic and political malaise by either calling early elections, reshuffling his government or holding a referendum.

Mr Patrick Stefanini, a senior Gaullist and adviser to Mr Francois Liotard, the UDF leader, for "institutional mutations" was for the president to decide, and would not in any case "directly answer the anxieties of the French people about unemployment". One Gaullist backbencher accused Mr Liotard of merely wanting a job in the government because he was bored being outside it. Nevertheless, Juppé aides concede the main incentive for a reshuffle, perhaps next spring, would be to bring in Mr Liotard, who is proving an awkward critic of many aspects of government policy.

## Corsican talks claim

A Corsican nationalist claimed yesterday that he had had secret talks recently with senior French officials despite government denials that it had met groups linked with terrorists. Mr Francois Santoni, a leader of the Cuncolta, political wing of the FLNC-Canal Historique, responsible for a series of recent bombings, gave several names of senior officials he said he had met.

The prime minister's office called his claims "grotesque inventions to justify [Mr Santoni's] demands and violent acts condemned by the majority of Corsicans". However, they were seized on by the opposition Socialists, who said it was "an open secret" such discussions had taken place, and these talks threw into doubt the government's publicly-stated policy of "firmness" in the face of terrorist acts.

## Fertiliser takeover cleared

The European Commission confirmed yesterday that it had cleared plans by Hydro Agri Nederland, the Dutch subsidiary of Norwegian oil and gas company Norsk Hydro, to buy the fertiliser company Termi Industrie Chimiche, part of Enichem, the Italian state-controlled chemical concern.

In each of its markets, the Commission said, Norsk Hydro would face competition from important rivals, or the addition of market shares would be insignificant, or entry into the market would be relatively easy for other producers.

## ECONOMIC WATCH

### Retail sales up and down



German retail sales presented a mixed picture in July, rising strongly compared with the same month of last year but declining from the level of June. The federal statistics office yesterday reported sales were up by 2.5 per cent in real terms compared with July 1995 but down by a real 1.9 per cent from June 1996 after adjustment for seasonal and calendar changes. Compared with July last year, volume sales increased in all retail sectors except specialist food stores. The month's turnover was further boosted by a real 19.2 per cent year-on-year increase in mail order sales as households reacted positively to the new catalogues issued during the month. Peter Norman, Bonn

# Russia moves on corporate tax debtors

By John Thornhill in Moscow

The Russian government has started carrying out its threat to crack down on the country's worst tax debtors by launching bankruptcy procedures against four big companies.

The move is designed to tackle the government's severe budgetary problems, which have led to long delays in paying pensions and wages and sparked a breakdown of talks with the International Monetary Fund over disbursement of the latest monthly tranche of its \$10.2bn loan.

Mr Pyotr Mostovoi, head of the federal bankruptcy agency, said the government had threatened a further seven companies with bankruptcy unless they paid their bills within a week and would investigate 12 more big oil and gas companies.

The government's efforts to get tough with tax debtors by publishing lists of how much various companies owed were already beginning to bear some fruit, Mr Mostovoi said.

"Many of the enterprises that were declared to be major non-payers of taxes, have now

become more active," he said. The four targeted companies include Moskvich, a troubled car manufacturer, Kamaz, a truck producer, Krasnodarnfteorgintez, an oil refining concern, and Achinsky Glinozemyy Kombinat, an aluminium company.

Two other oil companies have rescheduled their tax payments and are no longer on the list.

The government is likely to press for a reorganisation of the four targeted companies rather than outright liquidation, although Russia's bankruptcy procedures can be cumbersome.

Some of the targeted companies have complained their selection has been political and the government's move risks dragging regional leaders into disputes with the federal authorities.

Mr Mintimer Shamiev, president of the central Russian republic of Tatarstan, where Kamaz is based, has denounced the government's initiative, saying he will support the truck producer.

More sparks could fly if the federal bankruptcy agency takes action against ZIL, another troubled car manufacturer currently under scrutiny, which is backed by Mr

Yuri Luzhkov, Moscow's populist mayor.

The government says it is employing three objective criteria for selecting targets: the size of a company's outstanding bills, the proportion of tax it has paid, and the absence of government debts to the company.

Mr Anatoly Chubais, head of the presidential administration, who is taking an increasingly active role in supervising economic policy, has said that it is "absolutely intolerable" that the rate of tax collection last month fell to 45 per cent of target.

# Bulgarians sell some family silver

Urgent need for ready cash is forcing a reluctant Sofia to offer stakes in some of the country's few profitable state companies, writes Anthony Robinson

The vote of no-confidence in Bulgaria's Socialist government delivered in last Sunday's first round presidential election will not change its overriding priorities, raising more than \$1bn to service its \$10bn foreign debt next year; restoring confidence in the banking system; and persuading the International Monetary Fund to release the delayed \$115m second tranche of a \$650m standby loan agreed in July.

The government, which still thinks in terms of Soviet-style dirigisme, has come to the reluctant conclusion that only the rapid sale of the relatively few profitable state-owned companies provides an escape route.

A 25 per cent stake in BTC, the state telecoms company, is high on the list of 22 "jewels" to be sold to foreign strategic investors, along with copper mines, shipyards, steel and engineering plants, and banks.

The list also includes two chemical plants whose ability to survive years of under-investment and general economic collapse help to explain how some Bulgarian enterprises have managed to retain their status as valuable assets attractive to foreign investors ready to unlock their true potential.

The two companies are Sodi Devnya, which produces soda ash and related chemicals at Varna, Bulgaria's biggest Black Sea port, and Chimco, which produces urea fertiliser, ammonia and industrial gases at a relatively modern plant 90km north of Sofia, the capital.

Both are export-oriented and therefore partially insulated from the high inflation, shaky banks and political interference which have plagued the domestic economy.

The decision to build Chimco was taken after the discovery of a small natural gas deposit 15km from the town of Vratsa. The deposit was exhausted soon after the

Italian-built plant was completed in 1967, and, since 1974, the natural gas which provides both the chemical feedstock and power for the plant has come from the former Soviet Union.

Chimco keeps production costs down by reinjecting Russian gas into the natural reservoir during the summer when gas prices are low. Its specialised rail freight wagons and dedicated export

warehouse in Varna harbour give it a cost advantage of \$10-\$15 a tonne over equivalent Russian plants at Togliatti which have to pay rail and transit fees through Ukraine and loading fees at the port of Odessa.

Faced with Russian dumping in the early 1990s which depressed world market prices, Chimco survived initially by switching the bulk of sales to the Chinese mar-

ket and, since 1993, to North America.

Profits rose sharply on higher world prices for urea and ammonia in 1995 and nearly doubled again to \$57m pre-tax in the first nine months of this year, according to accounts presented to potential buyers which include Daewoo of South Korea and Norsk Hydro.

Sodi Devnya, which is expected to be the first on the rapid privatisation list to be sold, sits on top of huge and cheaply exploitable deposits of limestone and salt, the basic inputs for its standard Solvay-process soda ash plant.

Half its output of around 200,000 tonnes a year is exported to South Korea for LG corporation's glass plants. Another 40,000 tonnes goes to South Africa. What attracts the six foreign investors which have tendered is the potential for expanding production and exports. The bidders, which include LG of South Korea, Solvay of Belgium, Rhône-Poulenc Rorer of the US and Brunner-Mond of the UK, have submitted plans for substantial investment - one wants to raise capacity to nearly 1m tonnes a year by the end of the decade.

Such plans will be encouraged by amendments to the foreign investment law which offer a three-year tax break to foreign companies investing more than \$5m and will permit faster depreciation than the meagre 4 per cent annually allowed by the current law.

But the foreign bidders' emphasis on high investment clashes with the government's overriding need for cash up front to head off a looming foreign debt repayment crisis.

In April, only Sodi Devnya, the Varna power station and the 25 per cent stake in BTC were earmarked for privatisation. The government hoped Sodi would bring in around \$600m and the BTC stake \$800m - more than the total \$718m foreign investment in Bulgaria since 1991.

Realisation that this was wildly optimistic helps explain why the rapid privatisation programme has been expanded to 22 companies.

"For the first time in six years there is a clear political will in the government in favour of privatisation," says Mr Dimitar Radev, deputy finance minister. But, even with full government backing, the privatisation process takes time.

Foreign debt traders believe Bulgaria will be lucky to raise more than \$500m in the first half of 1997 and the risk remains that the government's conversion to rapid privatisation has come to late.



Petar Stoyanov: doubt about his ability to win votes from disillusioned electorate

# Voters show disdain for the main parties

By Anthony Robinson in London and Theodor Troev in Sofia

Bulgarian voters delivered a slap in the face to the governing Socialists in the first round of the presidential election at the weekend. However, they also showed little enthusiasm for the alternative Union of Democratic Forces (UDF).

With most votes counted, Mr Petar Stoyanov, the anti-Communist UDF coalition candidate, had won 44 per cent against 27 per cent for Mr Ivan Marazov, the Bulgarian Socialist party (BSP) candidate and his running mate Ms Irina Bokova. Eleven other groups shared the rest. Only 60 per cent of the electorate bothered to vote, however, compared to 75 per cent at the 1994 parliamentary elections when the BSP won 56 per cent and a clear parliamentary majority.

The run-off between the top two candidates takes place next Sunday.

The halving of the Socialist vote is a personal blow to Mr Zhan Videnov, the prime minister, who had promised to ease the pain of transition to a market economy

but then delayed privatisation and other reforms until forced to by a haemorrhage of foreign reserves.

The low poll also means that Mr Stoyanov, who sought financial and moral support from the German government and an endorsement from President Alexander Kwasniewski of Poland while other candidates were campaigning in the towns and villages of Bulgaria, is only supported by 25 per cent of the electorate.

This raises a question mark over his ability to attract votes from Bulgarians who demonstrated their disillusionment with the mainstream parties by staying home or backing smaller groups.

The lion's share of votes for the latter went to Mr George Ganchev, populist head of the Bulgarian Business Bloc. He has emerged as a potential king-maker. His party used to support the Socialists in parliament and he probably received the votes of disaffected BSP supporters. But he has refused to endorse either of the run-off candidates and is blamed both main parties for contributing to the country's collapse.

# EU ministers press Commission for more beef aid

By Caroline Southey in Luxembourg

European Union farm ministers yesterday put heavy pressure on Mr Franz Fischler, the agriculture commissioner, to increase aid to beef farmers, despite fresh evidence that extra payments have matched losses caused by falls in prices and consumption.

EU countries, led by France, want the European Commission to find extra money for farmers affected by the seven-month-old

crisis in the beef market caused by BSE, or mad cow disease. Farmers have already been paid an additional Ecu\$50m (\$1.07bn) from the 1996 budget to cover their losses.

The Commission, in a report on the effect of the crisis on farm incomes, concludes that farmers have lost between Ecu\$bn and Ecu\$1.3bn through the combined effect of lower prices and lower sales. The report points out that member states were free to match EU payments of Ecu\$50m out of

national coffers, bringing the total aid package to Ecu\$1.7bn.

EU officials said the report showed calls for additional aid could not be justified. "All ministers want more money. But there is no more money," one said.

Mr Fischler warned ministers against believing that additional money could be found next year by using Ecu\$1.7bn unspent in 1996. "At first sight this unspent money might seem to be the solution to the budget problems facing us in 1997, but I regret to say that

this is not the case."

Separately, Britain stepped up its efforts to secure a partial lifting of the ban on British beef exports. Five British ministers attended the meeting including Mr Douglas Hogg, the agriculture minister. Mr Michael Forsyth, the Scottish secretary of state, Lord Lindsay, Scotland's farm minister, and Baroness Denton, minister responsible for farming in Northern Ireland.

Mr Hogg said Britain wanted to secure early progress on lifting

the ban. He said the UK was discussing the terms of ending the embargo for beef from "certified" or BSE-free, herds. Most such herds are in Scotland and Northern Ireland.

He hinted that Britain might be prepared to press ahead early next year with a selective cull of cattle affected by mad cow disease. The EU has insisted that an easing of the embargo can only take place once a cull has been implemented. The calls for more farm aid will be included in compromise proposals to be presented today by Ireland, which currently holds the presidency of the council.

Ireland will attempt to break the impasse over plans put forward by Mr Fischler to stabilise the beef market. Most ministers attacked the commissioner's plans, including his call for cuts in cereal aid to pay for measures such as slaughtering calves and raising the intervention ceiling.

EU officials predicted the ministers were heading for a minimalist package.

# Kiev eyes capital markets with first eurobond issue

By Matthew Kaminski in Kiev

Ukraine has stepped up efforts to follow Russia on to the international capital markets with the issue of Ukraine's first eurobond, possibly by early 1997.

The former Soviet republic this month sounded out aid donors and western banks about an earlier than anticipated eurobond issue, officials in Kiev said yesterday. The Kiev government could be a borrower in the coming years.

Ukraine's government, which currently depends entirely on foreign aid and an expansive debt market for its deficit financing needs, has recently made clear its intention to find other sources of capital. A proposed tax cut for

next year, part of a concerted attempt at speeding up structural reform, is partly behind the push for a eurobond issue, a western economist said.

Ukraine will first need International Monetary Fund backing. A critical final round of talks begins today on a three-year \$3.1bn extended fund facility.

The main outstanding issue is the draft 1997 budget, but western officials yesterday were confident that the loan would be disbursed more or less on time in January.

One said the IMF had given Ukraine the green light to go ahead with a eurobond issue.

The Ukrainian government has been buoyed by Russia's success last month in securing a credit rating

and preparing its eurobond issue tentatively for next month.

"The Russian situation encouraged [Ukraine] to approach the markets sooner rather than later," said Mr Dan Lubash, managing director of emerging markets at Merrill Lynch.

Ukraine would need less time to prepare for an issue than Russia because the country did not inherit any outstanding Soviet debt that subsequently had to be rescheduled.

More than \$8bn in debt has been accumulated since 1991.

The budget deficit targets for 1996 have been met. Next year the country plans a 3.8 per cent fiscal deficit, which includes principal paid on debt. But analysts believe

Ukraine would be unlikely to receive a credit rating as high as the BB- awarded by agencies to Russia last month, as its track record on financial stabilisation remains short and privatisation lags behind Russia.

The government has been holding discussions with JP Morgan, Merrill Lynch, CS First Boston and SBC Warburg, according to Mr Mykola Melnitchouk, head of the foreign exchange reserves department at the central bank.

"We're still at an early stage," Mr Melnitchouk said.

He added the options were a larger, long-term duration bond of \$500m or a smaller trial issue. No manager has been selected to lead the issue.

# Hungary gets S&P investment rating

By Richard Lapper, Capital Markets Editor

Hungary was yesterday awarded an investment grade credit rating by Standard & Poor's (S&P), the international credit rating agency.

The triple B minus rating - the lowest of ten investment grade ratings - should allow a wider range of investors to buy Hungary's foreign currency debt and help the country reduce its borrowing costs.

The decision follows the award this year of similar investment grade ratings by two other agencies, IBCA and Duff and Phelps, while a fourth agency, Moody's Investor Services, announced this month it had placed Hungary on review for a possible upgrade from its current speculative grade status.

S&P's upgrade was widely expected by the markets and had little impact on the price of Hungary's most liquid dollar-denominated bonds already trading.

These yield about a percentage point more than US government bonds of the same maturity.

Standard & Poor's said Hungary had reduced its external debt burden and privatisation had helped make the country's exports more dynamic and improved its banking sector.

Net external public sector debt has fallen to an amount equal to an estimated 54 per cent of exports this year, compared with 82 per cent in 1995 and 126 per cent in 1994.

Hungary's vulnerability to economic and financial stresses had been reduced and it was now "more comparable to other sovereigns rated in the investment grade category," said S&P.

Other east and central European governments such as the Czech Republic, Slovakia, Slovenia and Poland already enjoy investment grade ratings.

# Turkey's plan for budget attacked

'Zero-deficit' draft dismissed as overestimating privatisation revenues, reports Kelly Couturier

A delegation from the International Monetary Fund left Turkey last week after reviewing what many observers said was a budget draft for 1997 which many have attacked as unrealistic.

But observers said that the government gave its visitors little indication it was likely to make the structural changes the Fund has been urging - taxation and social security reforms and accelerated privatisation.

The "zero-deficit" budget for 1997 announced by the government this month has been dismissed by many economists and observers as grossly overestimating expected revenues from sales of state-owned enterprises in the country's slow-moving privatisation effort.

The budget foresees \$3.5bn in revenues from privatisation and sale of publicly owned properties, when less than \$1bn has been raised from privatisation in the last two years. The draft also includes what many analysts say is an unrealistic 2 per cent rise in tax revenues, as no structural tax reform measures have been taken.

Moreover, there are no serious moves to rein in public expenditure to help close the ballooning budget deficit, expected to reach TL 1,300,000bn, or \$13.55bn, by year's end, analysts said.

Two revenue-raising packages announced by the government were criticised as too dependent on "one-off" revenues such as the sale of public land and lacking in sustainable measures.

Shortly after taking office in July, Mr Necmettin Erbakan, the Islamist prime minister, adopted a series of populist measures, announcing a 50 per cent pay rise to 7m civil servants, public sector workers and pensioners.

Mr Erbakan, whose support largely comes from low- and middle-income voters, also promised to cancel farmers' interest debts, end income



Premier Necmettin Erbakan and coalition partner Tansu Ciller: accused of 'trying to deceive the IMF by introducing misleading figures and an imaginary balanced budget'

tax on the minimum wage and give interest-free loans to small businesses.

The gap between government expenditures and income has increased rapidly and is larger than it has been for years and inflation remains high and is increasing," said one western diplomat when asked to outline the key problems in the Turkish economy.

"The trade deficit is larger than expected and foreign investors are staying away until Turkey comes up with some credible stability measures," the diplomat said.

With the deficit steadily increasing and year-end inflation estimated to hit 86 per cent on an "explosive path," one economist forecast the public sector borrowing requirement would reach 12-13 per cent of gross national product, higher than the rate that triggered the 1994 financial crisis.

"The current situation is unsustainable," according to Faruk Seleuk, a professor of economics, and the IMF is likely to be unwilling to stand by Turkey until it "sees some real correction in macroeconomic fundamentals".

Mr Bilal Cetin, a commentator in the liberal daily

Yeni Yuzuil, used blunter language, accusing Mr Erbakan and his coalition partner, the centre-right True Path Party chief Tansu Ciller, of "trying to deceive the Fund by introducing misleading figures and an imaginary balanced budget, dream revenue-raising packages and exaggerated privatisation plans".

A future financial crisis could be worse than that of 1994, according to Atilla Karaosmanoglu, a veteran World Bank economist. Mr Karaosmanoglu, in an interview with the local Turkish Daily News, likened the Turkish economy to an HIV patient. "Its immunity to external shocks is getting weaker," he said.

Observers said the Fund, unwilling to trigger a confidence crisis toward Turkey, would wait and watch for some positive signals from the government of Mr Erbakan, who in the past has bitterly criticised the IMF and other international financial institutions.

Mr Erbakan was quoted by the Turkish press as saying that though his government awaited a positive report from the Fund, it had ruled out any further standby agreements.

# Ilescu still ahead as Romania poll looms

By Virginia Marsh

President Ion Ilescu of Romania, who is standing for a third term in Sunday's elections, has built up a clear lead over his two closest opponents but his party is trailing the main opposition group in the parliamentary contest, according to opinion polls.

However, a poll by Imas, a local organisation, published yesterday showed many voters still undecided - 23 per cent had not made up their mind for the parliamentary election, Romania's third since the collapse of communism.

The poll showed the centre-right Democratic Convention on 25.2 per cent, a point ahead of Mr Ilescu's Party of Social Democracy, the core of the group of former communists that has held power since 1989.

However, the centrist Social Democratic Union led by Mr Petre Roman, the reformist former prime minister, was in third place with 14.4 per cent. It has said it aims to form a coalition with the Convention.

The poll also suggested that two of the three extreme nationalist and neo-communist parties that until recently

supported the PSDR's minority government might not achieve the 3 per cent of the vote needed to enter parliament.

The governing party, backed by powerful business groups, is seeking to distance itself from its former supporters and was instructed by Mr Ilescu to favour its moderate wing when selecting parliamentary candidates. However, with the former communists facing the prospect of defeat for the first time, the campaign has been marked by mudslinging and bitter personal attacks.

Romania's difficult transition to a market economy has given the opposition ample ammunition to attack the government's record. Figures published yesterday put inflation in the year to end-September at 45.3 per cent and the average monthly rate at 3 per cent, double last year's average. In a loan accord with the International Monetary Fund, Romania included a year-end inflation target of 30 per cent, down from 25 per cent in 1995.

The fund froze further disbursements in March after the authorities refused to free the official exchange rate.

At present, the leu's official rate is about 3,380 to the dollar but it is about



A Romanian woman counts her money in front of election posters yesterday. The country's currency has slipped in nervous trading ahead of the poll on November 3

4,200 in the parallel market.

An overvalued currency is a factor behind a 5.5 per cent drop in exports in the first nine months over the same period last year while hard currency shortages caused by the non-functioning interbank forex market contributed to a 11.1 per cent drop in imports.

Despite recent rises in real wages, monthly take home pay in September was just 71 per cent of 1990 levels.

## 1996 INTERIM REPORTS

The following companies announce that Interim Reports for the first half of 1996 are available upon request at their respective registered offices and at the Italian Stock Exchange Council.



STET - Società Finanziaria Telefonica per Azioni  
Registered capital Lit 5,281,212,121,000 fully paid-in  
Entered under No. 286/33 in the Ordinary Section of the  
Company Register of the Court of Turin - Tax I.D. No. 00471850016  
Registered office in Turin - Via Bertola, 28 (Tel.: 011/55951)  
Head office in Rome - Corso d'Italia, 41 (Tel.: 06/85891)



Registered capital Lit 8,204,071,437,000 fully paid-in  
Entered under No. 131/17 in the Ordinary Section of the  
Company Register of the Court of Turin - Tax I.D. No. 00580600013  
Registered office in Turin - Via San Dalmazzo, 15 (Tel.: 011/55141)  
Head office in Rome - Via Flaminia, 189 (Tel.: 06/36881)



SIRTI Società per Azioni  
Registered capital Lit 220,000,000,000 fully paid-in  
Entered under No. 17236 in the Ordinary Section of the  
Company Register of the Court of Milan - Tax I.D. No. 00748480159  
Registered office in Milan - Via G.B. Pirelli, 20 (Tel.: 02/66771)



Registered capital Lit 410,203,571,850 fully paid-in  
Entered under No. 2582/95 in the Ordinary Section of the  
Company Register of the Court of Turin - Tax I.D. No. 06947890015  
Registered office in Turin - Via Bertola, 34 (Tel.: 011/5565111)  
Branch office in Rome - Via L. Rizzo, 22 (Tel.: 06/39001)

## Protestkundgebung zum Weltspartag gegen die geplante Abschaffung der D-Mark.

Es sprechen: **Manfred Brunner**  
**Dr. Bruno Bandulet**  
Gastredner: **Prof. Dr. Wilhelm Hankel**  
München, 30. 10., 17.00 Uhr, Marienplatz

## Wehrt Euch! Sonst kommt der EURO.

Kohl und Waigel wollen die bewährte D-Mark abschaffen. Bereits 1999 soll der Euro kommen. Karl Otto Pöhl, damaliger Präsident der Deutschen Bundesbank, warnte schon 1988: "Die Einführung einer europäischen Währung ist nur vergleichbar mit der Währungsreform 1948."

Jetzt bleibt nur noch wenig Zeit, die Mark zu retten. Jetzt muß die schweigende Mehrheit der Deutschen, NEIN sagen zum dritten Währungsabenteuer in diesem Jahrhundert.

Kommen Sie zur Protestkundgebung am 30. Oktober auf dem Marienplatz. Auch wir wollen Europa. Aber nicht auf deutsche Kosten. Und nicht mit einem schwindsüchtigen Plastikgeld.

- Wir fordern die Währungshüter der Deutschen Bundesbank auf: Bleiben Sie hart! Sie haben die überwältigende Mehrheit des Volkes hinter sich.
- Wir fordern die Großbanken auf: Machen Sie sich nicht länger zum Komplizen einer Politik, die Ihre Kunden - die Sparer - auf kaltem Wege enteignet.
- Wir fordern den bayerischen Ministerpräsidenten auf: Handeln Sie jetzt! Die CSU kann den Euro stoppen, wenn sie wirklich will. Deutschland wartet auf ein Signal aus München.
- Und wir fragen Helmut Kohl: Wie wollen Sie in die deutsche Geschichte eingehen? Als Kanzler der Einheit oder als Totengräber der Deutschen Mark?

Die Mark muß bleiben. Dafür demonstrieren wir am 30. Oktober auf dem Marienplatz in München

Die Großkundgebung findet auch bei Regen statt.

Bei der Veranstaltung haben Sie Gelegenheit das Volksbegehren

"gegen den EURO"

zu unterschreiben.



Die Freiheitlichen

NEWS: WORLD TRADE

Brussels finesses Danish threat to Cuba law riposte

By Lionel Barber in Luxembourg

EU foreign ministers last night reached a compromise to prevent a Danish veto wrecking Europe's attempts to counter US laws which penalise foreign companies doing business in Cuba.

principle of reprisals against Washington, but claimed that the use of Article 235 of the treaty of Rome compromises its national sovereignty.

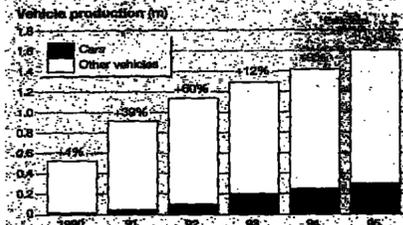
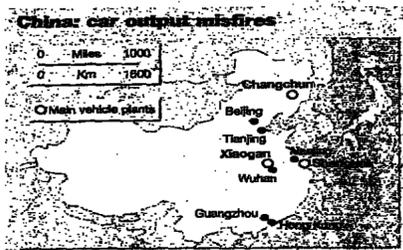
Under the compromise, the EU will stick to its original legal base, including the catch-all article 235, to support EU "blocking statutes" against the US.

had ruled out suggestions that Denmark could abstain from an agreement to go ahead with the EU regulation.

Rocky road lies ahead for China's car industry

Tony Walker on problems besetting a 'pillar of the economy'

China's much-heralded love affair with the motor car has hit a bumpy patch due to an uncertain regulatory environment, punitive taxes, lack of consumer financing and a lingering credit squeeze.



also acknowledged that it would be difficult to eradicate because organisations connected with China's security forces were involved in smuggling.

Lagging sales and a slowdown in the automotive sector's growth may affect ambitious plans to step up production to 2.7m units by 2000 and 6m by 2010.

China unveiled a new automotive industry policy in 1994 which froze approvals of new car assembly joint ventures until 1997 and envisaged the establishment of two or three major conglomerates supported by a second tier of smaller producers to achieve economies of scale.

But representatives of foreign automotive companies, such as Ford, General Motors and Toyota, which are battling to secure a foothold in China, say they regard present difficulties as part of a "teething process."

Wages in industrialised nations hold up in spite of job losses

Textile shifts fail to reduce pay

By Frances Williams in Geneva

The International Labour Organisation said yesterday that the dramatic shift in textile, clothing and footwear production from rich to poor countries over the past 25 years has not put downward pressure on wages in industrialised nations in spite of big job losses.

Table: Main exporters of clothing 1988-92. Columns: Country, 1988 (\$bn), 1992 (\$bn), Variation from 1988 to 1992 (%), % share of world exports in 1992.

account for more than 5 per cent of world trade in clothing.

The report puts the number of TCF workers worldwide at 23.6m in the formal sector and "five to ten times" as many in the informal sector.

Wages in industrialised nations hold up in spite of job losses

Textile shifts fail to reduce pay

Textile shifts fail to reduce pay

Textile shifts fail to reduce pay

Textile shifts fail to reduce pay

Textile shifts fail to reduce pay

Textile shifts fail to reduce pay

Textile shifts fail to reduce pay

World Bank softens criticism of Mercosur

By Guy de Jonquieres

The World Bank has taken the unusual step of publicly defending Mercosur, after a study by one of its senior economists found that the four-nation Latin American trade grouping was severely distorting international trade.

Latin America and Caribbean region, conceded in a statement that at least some of the study's criticisms were valid.

The grouping would eventually benefit growth in the region.

economies and discriminating against other countries' exports.

Green exports soar in the US

By Mark Nicholson in New Delhi

US exports of environmental technology rose 50 per cent between 1993 and 1995 to \$1.45bn, according to the US Commerce Department, which targeted the sector for special government assistance early in the Clinton administration.

India risks economic "marginalisation" unless it accelerates cuts in tariffs and other trade barriers and further dismantles restrictions on foreign investment.

India risks economic "marginalisation" unless it accelerates cuts in tariffs and other trade barriers and further dismantles restrictions on foreign investment.

India risks economic "marginalisation" unless it accelerates cuts in tariffs and other trade barriers and further dismantles restrictions on foreign investment.

India warned on tariff cuts

By Mark Nicholson in New Delhi

India risks economic "marginalisation" unless it accelerates cuts in tariffs and other trade barriers and further dismantles restrictions on foreign investment.

India risks economic "marginalisation" unless it accelerates cuts in tariffs and other trade barriers and further dismantles restrictions on foreign investment.

India risks economic "marginalisation" unless it accelerates cuts in tariffs and other trade barriers and further dismantles restrictions on foreign investment.

India risks economic "marginalisation" unless it accelerates cuts in tariffs and other trade barriers and further dismantles restrictions on foreign investment.

Warning on telecom talks

By John Ridding, Hong Kong

Telecoms companies in Asia and developing economies will be hit hard by failure to conclude an agreement on telecoms liberalisation in the World Trade Organisation, according to Mr Alex Arena, the Hong Kong industry regulator.

Telecoms companies in Asia and developing economies will be hit hard by failure to conclude an agreement on telecoms liberalisation in the World Trade Organisation, according to Mr Alex Arena, the Hong Kong industry regulator.

Telecoms companies in Asia and developing economies will be hit hard by failure to conclude an agreement on telecoms liberalisation in the World Trade Organisation, according to Mr Alex Arena, the Hong Kong industry regulator.

Telecoms companies in Asia and developing economies will be hit hard by failure to conclude an agreement on telecoms liberalisation in the World Trade Organisation, according to Mr Alex Arena, the Hong Kong industry regulator.

Jordan in WTO entry talks

By Frances Williams, Geneva

Jordan said yesterday it hoped to become a member of the World Trade Organisation by the end of next year.

Jordan said yesterday it hoped to become a member of the World Trade Organisation by the end of next year.

Jordan said yesterday it hoped to become a member of the World Trade Organisation by the end of next year.

Jordan said yesterday it hoped to become a member of the World Trade Organisation by the end of next year.

Jordan in WTO entry talks

By Frances Williams, Geneva

Jordan said yesterday it hoped to become a member of the World Trade Organisation by the end of next year.

Jordan said yesterday it hoped to become a member of the World Trade Organisation by the end of next year.

Jordan said yesterday it hoped to become a member of the World Trade Organisation by the end of next year.

Jordan said yesterday it hoped to become a member of the World Trade Organisation by the end of next year.

Table: INTERNATIONAL ECONOMIC INDICATORS: PRODUCTION AND EMPLOYMENT. Columns: Country, Year, Retail sales volume, Industrial production, Unemployment rate, etc.

# Hard decisions go unmade in Ecuador

Bucaram is singing a confusing song to would-be foreign investors, writes Justine Newsome

President Abdalá Bucaram of Ecuador gave an elaborate luncheon this month for Ms Lorena Gallo, an Ecuadorian who achieved notoriety in the US in 1993 by severing the penis of her husband, Mr John Wayne Bobbit. A day later, due to attend an important conference and reception for foreign investors, Mr Bucaram and his energy minister failed to turn up.

Mr Bucaram may have been miffed: the Economist magazine had organised the conference and on the first day a representative from its EIU subsidiary explained why Ecuador deserved its "D" risk rating, putting it on a par with sub-Saharan Africa.

But the president's no-show was only the latest of a series of confusing signals that Mr Bucaram has sent to foreign investors. Local entrepreneurs and Ecuador's population about the government's economic plans.

An economic programme, already twice postponed, is now expected to emerge in mid-November. But it is not clear how it will reconcile Mr Bucaram's high-spending campaign promises with his economic team's subsequent pledges of fiscal discipline.

promotion of foreign investments, economic modernisation and institutional reform.

After Mr Bucaram's July election victory, business was reassured by his appointment of financiers to economic posts, the ratification of the internationally respected Mr Augusto de la Torre as head of the central bank, and the announcement of a commitment to strict fiscal discipline.

The initial outlook for the economy was reasonably positive. An eight per cent devaluation of Ecuador's currency, the sucre, on August 12 cut speculation over a future devaluation.

This helped to ease pressure on interest rates and allowed the government to buy dollars in the foreign exchange market, injecting liquidity into a struggling financial sector. With oil export revenues also buoyant thanks to higher prices.

Mr Bucaram has already launched subsidised milk and food programmes and a popular housing scheme. In the short term, the government must tackle a public sector deficit of around 3 per cent of GDP for 1996, inherited from the previous administration. Then Mr Pablo Concha, finance minister, aims to balance the 1997



Bucaramalamingdong: the populist president promotes his own rock record *Popperfoto/Presser*

sluggish 2.3 per cent in 1995, while up to two thirds of Ecuador's 11.6m population is classified as poor.

Mr Bucaram has already launched subsidised milk and food programmes and a popular housing scheme. In the short term, the government must tackle a public sector deficit of around 3 per cent of GDP for 1996, inherited from the previous administration. Then Mr Pablo Concha, finance minister, aims to balance the 1997

budget, to be sent to Congress on Thursday. Ecuador may re-enter the international capital markets in order to improve its debt profile.

Debt service accounts for around 35 per cent of government spending. The emphasis will be on foreign rather than domestic borrowing so as not to push interest rates up again and withdraw liquidity from the financial sector, said Mr de la Torre and Mr Alvaro Noboa, presi-

dent of the monetary board. Accord with the International Monetary Fund is needed, not least as a prerequisite to renegotiate Ecuador's Paris Club debt, on which it is running arrears of \$300m.

Mr de la Torre said he expected the priority in public investment to shift to housing, education and health. The emphasis should be on institutional reforms, to increase the efficiency of expenditure and to gain the

confidence of foreign and domestic investors.

The finance ministry is considering options such as eliminating the subsidy on gas, restructuring electricity and telephone tariffs, removing exemptions on value added tax and revising public sector wage policy. A programme of concessions of public works, such as road building and maintenance, is also set to release resources. Privatisation of 35 per cent of the state telecommunications company, Emetel, is scheduled for April 1997.

But while these changes are being discussed, foreign investors are receiving a quite distinct message.

In August, the government attempted unilaterally to terminate a contract with oil company Marus. In September, Mr Bucaram backed away from eliminating the gas subsidy, because of its impact on poorer voters. Under pressure from unions, an electricity privatisation bill passed by Congress last month was also put on hold.

There are still potential investors who regard the administration's enthusiasm to attract foreign investment as genuine. But the worry remains about Mr Bucaram's lack of enthusiasm for politically unpopular reforms.

## AMERICAN NEWS DIGEST

### US car accord deadline missed

General Motors and the US United Auto Workers union failed to meet a deadline of midnight on Sunday to finalise a new three-year labour accord. Negotiations were due to resume later yesterday amid signs the two sides remained on track for a peaceful conclusion.

The deadline had been set by Mr Stephen Yokich, president of the UAW, in what was seen as an attempt to pressure GM to agree to more of the union's demands on outsourcing. The passing of the deadline leaves the US's biggest carmaker open to plant-level stoppages or even a full national strike if it cannot reach an early agreement. The two sides are believed to have agreed in principle to a framework agreement similar to those already adopted at Ford and Chrysler. Negotiations are continuing on details which could have a big effect on the impact of the contract. The industry-wide pattern agreement extends job security to 95 per cent of UAW members, but some plants or workers may be left out of the calculation. *Richard Waters, New York*

### Canada banks to cut rate

Canada's banks will shave their prime lending rate today from 5.25 per cent to 5 per cent, the lowest level in four decades.

The cut, the third in the past month, reflects aggressive action by the Bank of Canada to stimulate weak domestic demand, as well as a bullish mood towards Canada in financial markets.

A combination of low inflation, record trade surpluses and improving public-sector finances have enabled Ottawa to pursue monetary policies relatively independent of the US Federal Reserve.

US banks charge a prime rate of 6.25 per cent. The yield on Government of Canada 10-year bonds last week slipped below equivalent US Treasury securities for the first time in over a decade.

The Canadian dollar took the latest interest-rate cut in its stride, rising slightly yesterday morning to about 74.30 US cents. *Bernard Simon, Toronto*

### Coalition wins in Chile

Chileans voted for the status quo in nationwide municipal elections on Sunday, with the ruling centre-left coalition taking 56 per cent of the votes, up 3 points on its share in the last municipal elections in 1992.

With 96 per cent of the results in, the rightwing opposition coalition, Union for Chile, also had reason to be pleased, with a 3-point rise in its vote to 33 per cent.

The results are being read as changing the balance in both coalitions, where parties and politicians are already jockeying for position for the 1997 congressional elections and then the 1999 presidential poll.

On the right, the junior Independent Democrat Union, UDI, celebrated the re-election of one of its leaders, Mr Joaquín Lavín, with a massive 77 per cent of the votes in Las Condes, Santiago's and Chile's richest municipality. He will now be frontrunner as the right's presidential candidate.

In the ruling coalition, the Socialists and the Party for Democracy, PPD, rejoiced over a joint 23 per cent of the vote, which puts them within 3 points of the hitherto-unchallenged Christian Democrats, and reinforces the position of their leader, Mr Ricardo Lagos, the minister for public works. *Imagen Mark, Santiago*

## Consortia awarded Falklands oil licences

By Robert Corzine

Falkland Island officials say yesterday's award of oil exploration licences reflects "a balanced cross-section of the oil exploration industry", in spite of the exclusion of an Argentine company.

These companies selected to explore the area north of the islands are from the UK, North America, Europe and Asia, as well as Desire Petroleum, a group formed in part to represent the interests of the Falkland Islanders.

Shell, the Anglo-Dutch group and the western world's largest oil company,

and its partner, Agip of Italy, are expected to spend about a quarter of the \$200m that the winning consortia will commit in total over the next five years.

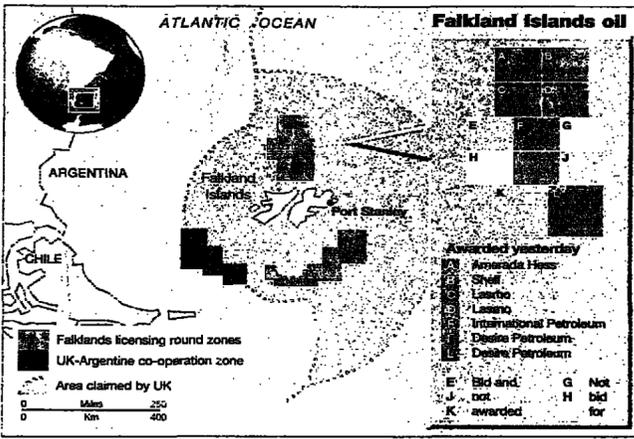
Shell won the rights to explore in Tranche B, which along with Tranche A proved to be the most sought-after area.

Amerada Hess, the US company which is the fifth largest producer in the UK sector of the North Sea, will operate the Tranche A licence, which also includes Fina of Belgium.

Industry analysts say that the presence of many rela-

tively small companies in the winning consortia should not be a constraint on exploration.

Although the results of the licensing round suggest a high degree of international interest in the Falklands, analysts warn against undue optimism. They point to the industry experience in the deep water west of the Shetland Islands in the UK, the area most often compared to the Falklands. More than £1bn (\$1.58bn) was spent in exploration west of the Shetlands over more than 15 years before any fields proved commercially viable.



# TO PROPEL THE GREAT JOURNEY



From the lonesome road to the information superhighway

tyres • power and telecom systems





# US Mideast Oil boom beckons for tiny African state

## envoy fails to seal pact

### Antony Goldman on hopes and doubts over new wealth in impoverished Equatorial Guinea

By Judy Dempsey in Jerusalem and Lionel Barber in Luxembourg

Mr Dennis Ross, the US co-ordinator to the Middle East peace talks, yesterday returned to Washington, apparently unable to seal an agreement for the Israeli troop redeployment from the West Bank town of Hebron.

His departure coincided with the start of a week-long visit to Europe by Mr Yasser Arafat, president of the Palestinian Authority, and the appointment of Mr Miguel Angel Moratinos, a Spanish diplomat, as the European Union's special envoy to the Middle East.

The appointment raises Europe's diplomatic profile in the region alongside the US. It follows a sustained campaign by France for a greater European role in the peace process.

EU foreign ministers meeting in Luxembourg gave Mr Moratinos a broad mandate to observe the peace process, establish relations with Israel and Palestinian negotiators, and to report on possible EU actions.

Mr Moratinos, 45, a career diplomat and Middle East expert, was appointed Spanish ambassador to Israel last June. He took part in the 1991 Madrid peace conference and was previously director general of foreign policy for Africa and the Middle East.

Israel last night said it would welcome any EU envoy, but added it could not see what contribution he could make beyond what the US was doing.

Under pressure from President Jacques Chirac of France, the EU has assumed a more active diplomatic role, partly to counter what Paris believes is an excessively pro-Israeli stance in Washington but also to reflect Europe's substantial financial assistance to the Palestinians.

EU officials emphasised that the appointment of Mr

Moratinos was not intended to challenge the US brokering role in the region or to establish a new negotiating presence alongside Mr Ross.

In a statement before his return to the US where he will consult with Mr Warren Christopher, the secretary of state, Mr Ross said the "parties have narrowed the gaps significantly on the security issue" for the Jewish settlers in Hebron.

He added that the past four weeks of talks had begun to "rebuild trust and confidence in each other and to resolve many of the key differences standing in the way of implementation of the [1995 Israeli-Palestinian] Interim Agreement".

Palestinian negotiators

The Bank of Israel yesterday reduced its key lending rate for November by 0.3 points to 15.2 per cent,

disappointing the business community, which has been calling for greater rate cuts as well as a devaluation of the shekel.

The small reduction confirms the central bank's determination not to bow to pressure from exporters until the budget deficit is further reduced.

point out that Israeli demands on the security issue breach the agreement, particularly the question of "hot pursuit" which, if ever agreed, would give Israeli soldiers the right to enter Palestinian-ruled territory.

The stalemate in the talks is leading the defence ministry to press for a larger slice of next year's budget.

After meeting Mr Benjamin Netanyahu, the Israeli prime minister, last week defence chiefs requested an additional \$1bn to prepare the army for a possible war against Syria. But Mr Yitzhak Mordechai, the Israeli defence minister, who is considered one of the less hawkish Likud ministers, said the diplomatic option must be kept open.

to EU involvement than he had proclaimed publicly.

They say France is working closely and successfully with the US in the surveillance committee set up last spring to oversee the truce in Lebanon between Israeli forces and those of the Hizbollah guerrillas.

The diplomats claimed Mr Netanyahu - more than his predecessor - used Mr Chirac last week to pass messages to Mr Yasser Arafat, the Palestinian leader, and to President Hafez al-Assad of Syria.

Meanwhile, inside France, Mr Chirac's Middle East tour has drawn a mixed reaction.

According to an Ifop poll, published in the Liberation newspaper yesterday, 83 per cent of French thought their president was right to protest publicly about his Israeli bodyguards and their apparent manipulation of his visit to Jerusalem. Equally, however, 45 per cent thought his trip was a diplomatic failure, and 80 per cent believed France should act within the context of a common European foreign policy towards the region.

In a country so small and impoverished the telephone directory lists its few subscribers by their first names, a revolution will take place later today. At what the oil ministry describes as "a solemn act of inauguration" Mr Teodoro Obiang Nguema Mbasogo, president of the central African state of Equatorial Guinea, and Mr Paul Hoennans, executive vice-president of Mobil Corporation, will formally open the country's first commercial oil field.

Offshore production from the Zafiro field has begun at 40,000 b/d. Other finds already made by Mobil indicate output could double swiftly.

American independents United Meridian (UMC) and CMS Nomeco say they are poised to make new discoveries in concessions adjacent to Zafiro. "In five years' time," said Mr Miguel Abia Bito Boriko, secretary of state for mines and energy, "we could be producing half a million barrels a day."

Officials are reluctant to say exactly how much the government can expect to benefit. Even at existing production levels, conservative revenue estimates of about \$100m are twice last year's

between Bioko island and a small rectangle on the mainland, enjoyed some of the highest living standards and levels of literacy on the continent. Cocoa, coffee and substantial subsidies made what is the only Spanish-speaking territory south of the Sahara something of a favourite for the isolationists within General Franco's dictatorship.

Mr Obiang blames the precipitous decline on the 11-year reign of his predecessor and uncle, Francisco Macias Nguema, Equatorial Guinea's first president. Before his overthrow and execution in 1979, the self-styled "Unique Miracle" closed the country's schools and hospitals and sponsored a terror in which a third of the population was killed or fled into exile.

Now the 53-year-old Mr Obiang has moved toward

multi-party politics, albeit in a form which allowed him last February to win a new seven-year term with more than 97 per cent of the vote. The oil companies are stepping in, providing funds for everything from Washington lobbyists to refuse collection. Even the smallest operator, CMS Nomeco, buys school books and runs anti-malaria programmes.

"To have persuaded the Americans to come in after the French and Spanish said we had no oil is the president's greatest triumph," said Mr Augustin Nse, secretary-general of Mr Obiang's Democratic party, earlier this year.

Oil - and ambitious schemes for mineral exploitation - may, however, prove not to be a panacea for all the nation's ills. "We'll be like Kuwait," said one opposition activist. "There'll be fast cars and foreign bank accounts for a few, but for the rest of us nothing will change."

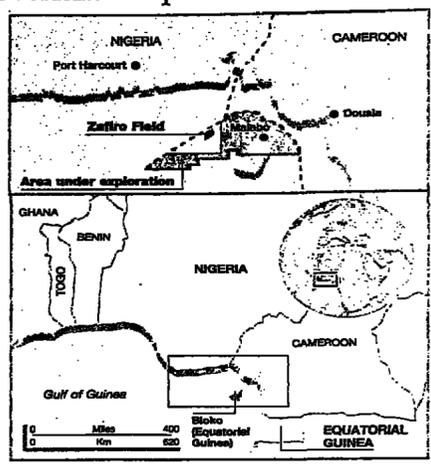
One member of a visiting team from the International Monetary Fund this year complained of "a total absence of transparency" in government accounting. Mr John Bennett, the last US ambassador, found himself accused of witchcraft after complaining of persistent human rights abuses.

There is also an unresolved border question with Nigeria at almost the point where Mobil has discovered oil. "This is something we have to sort out," said a Nigerian diplomat. "But these people have been brainwashed by their mentors to be hostile and defen-

sive... when we are producing 2m b/d, does anyone really think we need their 40,000?"

For the past decade, Equatorial Guinea has eked out an existence on aid hand-outs. At today's ceremony, there will be a rash of oil workers and others anxious

to cash in on Africa's least well-known investment opportunity. And while the government insists this interest will fuel its emerging democracy, its opponents maintain Mobil is merely feeding a dictatorship which echoes the very worst of General Franco's legacy.



### For Equatorial Guinea's 350,000 inhabitants, oil revenues estimated conservatively at \$100m a year could change everything

## French seek big role in talks for EU diplomat

By David Buchan in Paris

France believes the role of the European Union's new special Middle East envoy should be "as large as that of Dennis Ross [the US's Middle East mediator] and certainly no less," diplomats said in Paris yesterday.

In the wake of President Chirac's swing through the region, including his stormy visit to Israel, France considers the time has come for Europe to use its close contacts with the Palestinians and Arabs in the peace process, complementing US ties to Israel.

In the French view, this would involve the EU in effect taking over the role of co-sponsoring the Middle East peace process which was given to the pro-Arab Soviet Union in 1991, but which the latter was unable to play because it disintegrated as a country later that year.

Diplomats say the EU envoy would have to work closely with Mr Ross, but claim Mr Benjamin Netanyahu, Israeli prime minister, was less opposed in private

to EU involvement than he had proclaimed publicly.

They say France is working closely and successfully with the US in the surveillance committee set up last spring to oversee the truce in Lebanon between Israeli forces and those of the Hizbollah guerrillas.

The diplomats claimed Mr Netanyahu - more than his predecessor - used Mr Chirac last week to pass messages to Mr Yasser Arafat, the Palestinian leader, and to President Hafez al-Assad of Syria.

Meanwhile, inside France, Mr Chirac's Middle East tour has drawn a mixed reaction.

According to an Ifop poll, published in the Liberation newspaper yesterday, 83 per cent of French thought their president was right to protest publicly about his Israeli bodyguards and their apparent manipulation of his visit to Jerusalem. Equally, however, 45 per cent thought his trip was a diplomatic failure, and 80 per cent believed France should act within the context of a common European foreign policy towards the region.

## Hunger killing 4,500 children a month in Iraq

By Michael Littlejohns, UN Correspondent, in New York

The United Nations aid agency, Unicef, said yesterday that 4,500 children under five were dying of hunger and disease each month in Iraq because of a lack of funds to obtain humanitarian supplies. Such funds are exempted from international sanctions imposed on Iraq.

Ms Carol Bellamy, the agency's head, quoted the figure yesterday, describing the situation as "a terrible crisis".

Mr Yasushi Akashi, who co-ordinates UN humanitarian aid, reported that only \$1.6m - from France and the Netherlands - had been contributed to his fund for Iraq. Its three-month goal was \$39m.

He blamed the poor response on "donor fatigue" and the expectation that there would eventually be a breakthrough in the food-for-oil scheme which would release \$1.3bn to Iraq for purchases of food and medicines in the first six months.

# 32 million phone numbers modified in 1 second. Nobody noticed. Perfect!

In a single second, last October 18th, Alcatel Telecom helped foment a new French Revolution. A very quiet one.

As a leading telecom equipment manufacturer, we helped our clients, starting with the network operator France Telecom, to change France's 32 million phone numbers. We modified 1,000 public telephone switches and over 150,000 private exchanges. Fifty eight million people woke up the next day with a telephone network that was suddenly eight times bigger. And nobody even knew we had been there.

This achievement was considerably aided by the built-in adaptability of Alcatel Telecom systems which are purposely designed to smoothly meet the evolving needs of Alcatel's clients. Alcatel Telecom. We help you grow.



ALCATEL TELECOM

NEWS: ASIA-PACIFIC

HK contender backs change to legislature

By John Riddling in Hong Kong

Hong Kong's former chief justice, a candidate to head the territory's post-colonial government, yesterday backed China's plan to replace Hong Kong's elected legislature, claiming the move was necessary and legal.

The statement by Sir Ti Liang Yang marked a breach with the Hong Kong government, which is staunchly opposed to formation of a provisional legislature. It came as applications closed for chief execu-

tive, the title of the territory's political leader after Hong Kong returns to Chinese sovereignty on July 1 next year. The Chinese government will appoint the successful candidate, after nomination by a Beijing-backed committee. A decision is due by early December.

Sir Ti Liang is one of four serious contenders for the post of chief executive. His rivals include Mr Tung Chee-hwa, the shipping tycoon, who is regarded as a front-runner. Mr Peter Woo, the businessman, and Mr Simon Li, a

former appeals court judge.

Yesterday, Sir Ti Liang, referring to the failure of Britain and China to agree on the formation of a legislature to span the handover, said: "Something has got to come in to cope with the situation." He said a legal amendment might be added to the Basic Law, China's constitution for post-1997 Hong Kong, to provide for the new legislature.

However, Sir Ti Liang said it would be unacceptable to have both the provisional legislature and the present Legislative Council

operating in the territory before the handover. This echoed the government's view that such a development would prove destabilising.

The former chief justice also stressed the need to uphold the one country/two systems formula which underpins the handover and which provides for Hong Kong's autonomy. "In our relationship with China we should strictly follow the philosophy of Hong Kong people ruling Hong Kong," he said. "The aim is for us to be very firm in implementing the Basic Law

which safeguards all our rights."

The selection of the post-colonial governor is one of the most important decisions concerning next year's handover, since the chief executive will be responsible for managing relations with Beijing and upholding Hong Kong's promised autonomy as well as governing the territory. Mr Tung has strong backing from Beijing, but it remains unclear whether China has reached a final decision on its preferred candidate.

Editorial comment, Page 15

ASIA-PACIFIC NEWS DIGEST

China 'brings home copper'

China's reported repatriation of large quantities of copper from London Metal Exchange-approved warehouses may have been prompted by higher prices available on the domestic market, a Chinese official said yesterday. But Mr Wang Zhongkui of the China National Nonferrous Metals Industry Corporation said he had no explicit knowledge of up to 100,000 tonnes of copper being held in bonded warehouses in Shanghai.

"At the moment I am unaware of any large-scale purchasing by the government," Mr Wang told a metals conference in Beijing, but he added it was "possible" the authorities were taking advantage of price differentials. Shanghai copper futures ended sharply up yesterday with later-maturing contracts breaching the Yn19,500 (\$2,407) resistance level due to last Friday's heavy LME gains.

Profits of state-owned industries slumped by 23.5 per cent to Yn22.6bn (\$2.7bn) in the first nine months compared with the same period last year. Companies operating in the red saw losses mount further, up 23 per cent to Yn1.4bn, reflecting the effects of a continuing credit squeeze. Tony Walker and Sophie Roell, Beijing

Asia's infrastructure needs

The much-vaunted contribution of the private sector to Asia's infrastructure development has been marginal, at only 10 per cent of spending so far, and is likely to grow only slowly over the coming decade, Mr Lee Bong-suh, vice president of the Asian Development Bank said. Ten years from now it would account for only 20 per cent of infrastructure spending, so governments will still have to find the bulk of the \$1,500bn needed to upgrade regional infrastructure, he told a UN ministerial conference.

Peter Montagnon, New Delhi

Singapore changes voting law

Singapore's parliament yesterday passed an electoral reform bill which observers said would make it more difficult for opposition politicians to win. The bill to amend the constitution was passed by a vote of 64-4. Mr Goh Chok Tong, the prime minister, denied that the reform was designed to increase the parliamentary representation of his People's Action party.

The amendments increase the number of candidates who may stand as teams in so-called group "representation constituencies" (GRCs) from four to six. The team with the most votes takes the seats. There are now 15 four-seat GRCs and 21 single-seat wards. Under the reforms, there could be as few as eight single-seat constituencies. Because the opposition has been able to field fewer candidates than the ruling party, the increase in the number of GRCs and the number of candidates in each GRC team may worsen the opposition's chances, analysts said. James Kyng, Kuala Lumpur

EU restricts Burma contacts

The European Union yesterday imposed strict limits on contacts with Burmese officials and their families in response to what the 15-nation bloc sees as Burma's continuing failure to respect human rights. EU foreign ministers agreed to the move - part of a gradual build-up of pressure on Rangoon's military government - without debate. "There is a very serious situation in Burma with a lack of respect for human rights and democracy," said Mr Dick Spring, Irish foreign minister. Reuter, Luxembourg

Tamil Tigers shoot holes in Sri Lanka's budget

There will be several large holes in the Sri Lankan budget for 1997, to be announced next week, courtesy of the Tamil Tigers. The separatist fighters are proving to be formidable both on the battle ground and on the balance sheet.

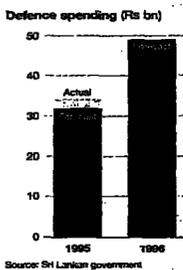
The war is absorbing nearly a quarter of government revenues and as yet President Chandrika Kumaratunga's government shows no sign of curbing defence spending.

"The government is banking on mass privatisation but receipts have fallen woefully short. Only 2.9bn rupees (\$61m) out of a projected revenue of SLRs21bn has come from the sale of state enterprises, while expenditure on the war has exceeded estimates.

The war was estimated to cost SLRs58bn this year, up from an actual expenditure of SLRs4.97bn last year when fighting was restricted to just eight months of the year. This year, however, fighting escalated and so did defence expenditure. The final figure for 1996 is expected to be around SLRs50bn, or about 30 per cent over budget.

Inflation is running at 21.5 per cent. The growth of the economy this year is expected to be about 3 per cent, down from an earlier government forecast of 5 per cent and a figure of 5.5 per cent in 1995.

Sri Lanka: the cost of war



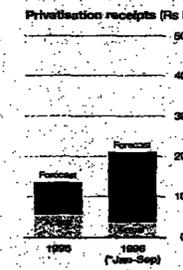
"The worst is yet to come," said Mr Arjuna Mahendran, senior economist with Crosby financial services.

Faced with the poor response from investors to state sell-offs, the government two months ago took the unorthodox step of becoming a customer for its own privatisation programme.

A plantation company was bought by a front organisation owned by the state-run Bank of Ceylon, and Mr G.L. Peiris, deputy finance minister, quickly defended the action as a one-off purchase to save the market.

Officials say the economy is now more than ever dependent on the privatisation process to raise money to finance the budget deficit, estimated at 10 per cent of

Privatisation receipts (Rs bn)



gross domestic product. The privatisation authority, the Public Enterprise Reform Committee, last month advertised a 35 per cent stake in the state-owned Sri Lanka Telecom and bids are being received for the national airline, Air Lanka.

Almost all the American, European and Asian giants in telecommunications have shown interest in joining Sri Lanka Telecom but the trade unions have vowed to resist any moves to sell the company.

Stock brokers, however, say investors are unimpressed. Many are waiting in the wings because of the contradictory statements by government ministers and a new law to re-acquire state enterprises privatised by the former government.

Mr Peiris said companies

sold under a privatisation plan of the previous administration but which stopped production and laid off staff would be taken back. The influential Chamber of Commerce and Industry described the measure as "draconian".

A spokesman for the chamber said several foreign investors were already rethinking their plans to expand. Contradictions in the government were also worrying many, he said.

For example, Mr M.H.M. Ashraf, the ports minister, is on record saying that he will not sell the Queen Elizabeth Quay (QE) project. But a consortium including P&O of the UK and its Australian subsidiary has been issued a letter of intent by the government to develop the QE. Meanwhile Sri Lanka's investment regulatory authority, the Board of Investment (BOI) said that it was going ahead with the QE project that could bring in an eventual investment of \$650m.

"As far as we are concerned the project is on," said Mr Manilal de Mel, BOI deputy director general. "It is up to the politicians to sort out their problems." For President Kumaratunga, that first and foremost, means ending the war.

Amal Jayasinghe

Benefit for southern Philippines

Peace attracts Islamic banks

By Edward Luce in Manila

The Philippine government said yesterday that five Islamic banks had requested permission to establish branches in the southern Philippines just six weeks after Manila initiated a peace deal with the country's 5m Moslems.

Malaysian and other south east Asian investors unveiled 42m pesos (\$1.5bn) pledged investment in the Moslem areas at a business conference in Mindanao, the southern Philippines, at the weekend.

As part of the autonomy package signed in September, foreign sponsors of the three-year peace talks - notably Indonesia and Malaysia - pledged to invest heavily in the provinces on completion of the autonomy deal. The new investments, which include shipping, tourist and agribusiness projects, are expected to come on stream over the next 12 months.

"We have noticed a sharp increase in the number of business investments from Malaysia, especially Sabah, since the signing of the peace accord," said Mr Paul Dominguez, adviser to Mr Ramos on Mindanao.

But Philippine officials say that the Islamic Banks, which include the Malaysian Bank, Bank Islam, Bank

Bumiputra, Bank of Tabung Haji (all from Malaysia) and the Islamic Development Bank of Brunei, would require special legislation to set up in Mindanao. Last year the Philippine central bank limited new entrants to 10 foreign banks pending a change in the regulations.

Mr Nur Misuari, chairman of the autonomous council in the southern Philippines and leader of the former rebel forces, said Moslem savers had rejected suggestions that mainstream Philippine banks set up Islamic branches in the south because they would need to recycle "sin funds" from other branches. Islamic banks would attract many deposits, he added.

Officials from Sabah and the Philippine government also conducted informal talks about the repatriation of 300,000 Filipino Moslem refugees from the Malaysian state in the wake of the completion of the peace agreement. The refugees, who fled Mindanao during the heaviest fighting in the 1970s and 1980s, have formed the backbone of the construction sector and other labour-intensive industries in Sabah.

"We are in two minds about our Filipino refugees," said one Malaysian businessman. "They must eventually go home but they are important to the Sabah economy."

BUSINESS OPPORTUNITIES. READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS.

Clare Bellwood 0171 873 3234 Fax 0171 873 3064 Melanie Miles 0171 873 3308

MIND YOUR OWN BUSINESS. Ambitious individuals and enterprising firms can fast track to high growth. Do you have a good product or idea for a Growth Business?

CHANNEL ISLANDS. Full Offshore Incorporation & Administration. Trust Establishment, Payroll Systems / Banking Facilities for Ex-Patriates.

ENID BLYTON'S "FAMOUS FIVE". A new musical version for a full UK tour of No.1 theatres starting February 1997 which may achieve a West End transfer.

CASH LOANS. Available immediately against Real Estate, Jewellery, Paintings, Cars, Antiques.

OFFICE EQUIPMENT. OFFICE FURNITURE. Due to city bank order postponement we have a large quantity of quality executive and system ranges - conferences and receptions.

BUSINESSES WANTED. AUDIO VISUAL PRODUCTION AND COMMUNICATIONS Marketing Services Group.

GOVERNO DA BAHIA. NOTICE OF BID - DCL. Companhia de Electricidade do Estado da Bahia - COELBA, will make the following bid:

LEGAL NOTICES. IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMMERCE COURT.

AVIATION. Joint venture partner required to fund an aviation data supply company to expand and develop the existing business.

FAST GROWING YORKSHIRE BASED TRANSPORT AND DISTRIBUTION COMPANY.

AN INTERNATIONAL COMPANY wishes to acquire an import/export, confirming home operation based in London.

WANTED. PRECISION ENGINEERING COMPANY. Manufacturer of machine engineered precision products.

OFFSHORE COMPANIES TRUSTS 2ND PASSPORTS. For location and immediate remote contact.

Mainland Europe. A rare business opportunity exists through the planned launch of a new state controlled lottery.

INNOVATIVE LINEAR ENCODER. The manufacturer is inviting applications from companies for agents to sell very profitable, new linear encoder.

ESTABLISHED DIRECT MAILING COMPANY. seeks to acquire similar business in Southern England.

TELECOMMUNICATIONS. New Low Rates! CALLBACK OFFERS LOWEST RATES EVER!

FOR SALE. Complete IBM AS400 Installation. Comprising two IBM AS400 computers & peripherals.

QUOTED PLC. seeks to acquire software and/or telecoms companies, start up considered, revenue up to £15m.

PROJECT AND COMMERCIAL. funding available to UK and international clients. Anglo American Group Plc.

PUB CHAIN. Small Pub chain of 35 pubs throughout the North West of England, available in a package(s).

BUSINESS SERVICES. YOUR ADDRESS IN NEW YORK from \$1 a day. TollFreeMailOrder. Today's news.

NOTTINGHAM FOREST FOOTBALL CLUB. The directors of Nottingham Forest Football Club Limited are seeking prospective investors in the Club.

DAMP PROOF PATENTS AVAILABLE. The universal system for damp proof membrane in cavity wall structures as manufactured by WELDFORM COMPONENTS LIMITED.

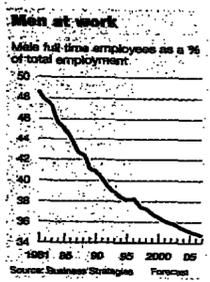
Well Known US Caribbean Yacht Charter Company. seeks prospective experienced working partners for UK office and charter agents in St. Martin and Grenada.

PROFESSIONAL VIDEO EQUIPMENT DISTRIBUTOR. Well established French market leader. Sales, rental, maintenance of leading equipment brands to top clientele of video producers.

# Jobless total is predicted to stay at 2m

By Andrew Bolger, Employment Correspondent

The UK will create 1.6m jobs over the next 10 years - but half will be part-time and the rest will come from self-employment, says a government-funded forecast. It says the number of full-time employees is unlikely to increase.



Richard Holt, director of Business Strategies, said: "The extra jobs will do little to bring down the number of people registered as unemployed, which we forecast will fall by just 131,000 between now and 2006, to a figure of 1.99m."

The proportion of total employment held by male full-timers is forecast to continue falling - reaching 35 per cent by 2006 compared with 49 per cent in 1981. Mr Blake said: "With employers creating almost no extra full-time jobs, 790,000 more people will opt for self-employment between now and 2006."

Financial and business services is the sector of the economy which is forecast to experience the fastest growth between now and 2006. The report says: "Both main parts of the sector are likely to experience rising demand over the long term, which will offset pressure on employment in banking and finance caused by new technology and a likely restructuring of the sector."

# Ex-envoy criticises EU foreign policy

By Bruce Clark, Diplomatic Correspondent

The European Union's Common Foreign and Security Policy needs strengthening because it still falls far short of its potential as a force in world affairs, says a paper published yesterday by a pro-European think-tank in Britain.

The paper was written by Sir David Hannay, who has served as UK ambassador to the EU and the United Nations. He says that continuing with the current foreign policy-making procedure, under which all EU members have a veto, is likely to "lead to considerable frustration" as the Union enlarges.

Without saying which version of majority voting would be preferable, the paper suggests that one

alternative would be to follow the example of the UN Security Council and restrict the right of veto to the most important member states.

The paper says the CFSP needs permanent financing arrangements, separate from the EU budget. To scrutinise the CFSP, it says that a US-style committee on foreign relations might be formed by legislators from the EU's member states.

Action Centre for Europe, which published the paper, is a lobby group headed by senior pro-European politicians, mostly Conservatives.

Mr Douglas Hurd, the former foreign secretary, says in a foreword that "the Americans are occasionally baffled by the incoherence of the foreign policies of European countries".

peans to set ourselves up not as rivals, but as partners," Mr Hurd adds.

To upgrade the EU's ability to plan ahead and respond to crises, the paper suggests broadening the small CFSP secretariat in Brussels to include planning and analysis departments and a "conflict prevention" unit.

The paper endorses the idea of a "Mr or Miss CFSP" - first proposed by France and now supported by Britain - to present EU policies to the outside world. It adds that, initially at least, this should be a fixed-term, non-renewable appointment.

The European Union's Common Foreign and Security Policy: a European Reform. Sir David Hannay, Action Centre for Europe, 2 Queen Anne's Gate, London SW1H 9AA.



Sir David Hannay: his paper warns of future frustration

# Europe's pensions 'silence' attacked

By James Blitz, Political Correspondent

An all-party committee of the House of Commons will this week call for unfunded pension liabilities to become a new criterion for European monetary union, arguing that the UK could be severely disadvantaged by current arrangements.

In a detailed report that aims to raise the profile of the issue in Britain and the EU, the all-party social security committee will insist that unfunded pensions liabilities should be taken into account when considering the eligibility of each country for the single currency. Unfunded pension commitments are those not covered by specific assets.

The committee says the liabilities should become a criterion for policing the new arrangements for monetary union after it has taken place. It will call on ministers to encourage their European partners to publish figures on unfunded schemes in their own countries.

Euro-sceptic Conservative MPs have repeatedly expressed fears that the large number of unfunded pension schemes in France and Germany would severely disadvantage the UK if sterling joined a single currency. One MP said last night that there had been a "conspiracy of silence across Europe" on the issue.

The government claims total holding of assets in the UK in the form of funded schemes - like occupational and personal pensions - now amounts to some £600bn. Ministers say this is more than the total for funded liabilities in all EU states.

By contrast, the large number of unfunded schemes in Europe - in which the current generation of taxpayers meets the cost of paying pensions to the current generation of elderly - could mean that substantial liabilities fall on European taxpayers as their populations grow older.

Robert Peston

# Top Labour figures at odds over Emu

Attitudes towards fate of sterling vary widely in biggest opposition party

There are two issues of great sensitivity in the opposition Labour party: whether sterling should join a single European currency in the first wave in 1999 and whether Mr Robin Cook and Mr Gordon Brown could co-exist in any future Labour cabinet.

The mutual rivalry - bordering on enmity - between the two senior party figures is legendary. This is unfortunate for Labour's leader, Mr Tony Blair, because Mr Cook is the party's shadow foreign secretary and Mr Brown shadow chancellor of the exchequer. They are therefore Mr Blair's two most important lieutenants.

Mr Cook raised the stakes in his contest with Mr Brown on Sunday, when he gave a BBC television interview devoted in large part to refining Labour's approach to monetary union.

ernment - is zealous in asserting his claim to overall responsibility for his party's position on a single currency.

On the other hand, Mr Cook could not afford to be seen as the perpetrator of a public dispute with Mr Brown, even though he is far more sceptical than Mr Brown on the merits of monetary union. He therefore expressed his caution while just remaining within the bounds of Labour's official policy.

Mr Cook came as close as possible to saying that a Labour government would not join Emu in the first wave without making a cast iron commitment. He did, however, say that sterling's participation was inevitable in the long term "if the single currency succeeds".

Mr Brown, by contrast, is less grudging in his support for monetary union. He does not believe that sterling should be a first round member at any cost - but is per-

sued that the economic price of staying outside may be the decisive factor for joining.

Between the two is Mr Blair. He shares Mr Brown's fundamental pro-Europeanism, but tends towards Mr Cook in respect of seeing the risks of joining in the first wave.

So on the day after Mr Cook's declaration of faith, which of the two came off best? On the margin, Mr Cook may have damaged his chances of becoming chancellor, a position he is widely believed to covet.

The reason is that he used the "D" word - for devaluation - which is frowned on in top Labour circles. Mr Cook said it would "be very risky for Britain to give up the option in future of devaluing if that was necessary", unless a Labour government was confident about the robustness of the UK economy.

Labour is no longer the party of devaluation", said an MP close to Mr Brown. "Can you imagine the interest rate penalty the UK would have to pay if we stayed outside the single currency in the first round and Robin was chancellor?"

In circles around Mr Brown, there was also concern at Mr Cook's declaration of the conditions which the UK would have to meet to prove itself fit for a single currency.

He talked about the "ability to match the investment, to match the skills, to match the output, to match the unit costs of the European economies, particularly Germany".

vergence does not of course mean that we have to have exactly the same levels of output or productivity".

Mr Brown is concerned about the capacity of the UK economy to absorb external shocks. He is therefore interested in Labour mobility on the one hand - an economy's ability to shed jobs in unproductive industries and create new ones - and whether the UK economy is still too dependent on US performance relative to mainland Europe.

There is another point on which the two diverge. Mr Cook believes that the legislative and administrative burden of joining in the first wave is excessive, a view which is becoming fashionable in Labour circles.

However, it is not shared by Mr Brown, who believes that the timetable can be met if the will exists to proceed.

In a speech he gave last spring in Germany, Mr Brown said that "real con-

## BUSINESSES FOR SALE

Clare Bellwood 0171 873 3234

**CHRISTIE & CO**  
SURVEYORS, VALUERS & AGENTS

**KENT**

On the instructions of M. D. Gercke & A. J. Barrett  
Joint Administrative Receivers of Glenheirne Nursing Services Ltd

**HERONSWOOD RESIDENTIAL CARE HOME  
HERNE BAY**

- Substantial residential care home in approximately 4 acres.
- Presently registered for 46.
- Fees £203-£310 per week.
- Annualised fee income circa £260,000.

OFFERS IN EXCESS OF £450,000 FREEHOLD  
Contact Healthcare Department Ref: SFT1749R

LONDON OFFICE 0171 227 0700

**HARRISON ASSOCIATES**

**SHIP LINK TERMINALS LIMITED**  
(IN ADMINISTRATIVE RECEIVERSHIP)

The Administrative Receiver is unexpectedly able to offer for sale, or to let wharfside/industrial accommodation in excess of 150,000 square feet located in the dockyard at Rochester in Kent.

Principle Features include:

- Frontage on two sides to River Medway incorporating four quays
- Warehouse complex
- Two storey building housing office accommodation
- Two storey administration block

For further details please contact the Administrative Receiver, John Neil Harrison at Harrison Associates, 43 South Street, Reading, Berkshire RG1 4QU

Tel: 0118 951 0798 Fax: 0118 939 4409

Coopers & Lybrand

**PRECISION SPRING MANUFACTURERS**

**SCANDA SPRINGS**

The Joint Administrative Receivers, Chris Hughes and Tim Harris, offer for sale as a going concern the business and assets of Scanda Springs Limited, a well-established manufacturer of precision springs which operates from premises in Hoddeston, Hertfordshire.

Principal features of the business include:

- blue chip customer base
- potential for growth
- highly trained and motivated workforce
- turnover £2m
- 45 employees

For further information, please contact Nick Drewett or David Whiteman of Coopers & Lybrand, Plumtree Court, London EC4A 4HT.  
Tel: 0171 212 6705. Fax: 0171 212 6900.

Coopers & Lybrand is authorized by the Institute of Chartered Accountants in England and Wales to carry on Insolvency Business.

By order of David L. Graham BA FCA MSP1 and Martin H. Linton FCA MSP1 of Leigh & Co, Joint Administrative Receivers.

**Re: Trafford Carpets (UK) Limited**

Offers are invited for the business and assets of the above well known carpet design and manufacturing company, with an annual turnover in the order of £2million, operating in the Trafford Park area of Manchester.

Please apply in the first instance to the Receivers' agents

**FOULDS-INGHAM LIMITED**

342 Harrow Road, London, W9 2HP  
Tel: 0171-266 2666  
Fax: 0171-266 2667

**FOR SALE**

Long established wholesale supplier of leisure related products. North west based in own freehold premises. Agreed tax losses of over £200,000. Available for value of net assets circa £250,000.

Write to Box B4855, Financial Times, One Southwark Bridge, London SE1 9HL

**Francos (Derby) Limited - In Liquidation**

On the instructions of Richard A B Saville MIPA MSP1, of Saville, Richardson and Linnell offer for sale by private treaty the valuable ice-cream and house manufacturing and packaging equipment of Francos (Derby) Limited.

For further information please contact Craig Harris, Richardson & Linnell, Auction Offices, Cattle Market, Chequers Road, Derby DE21 6EP  
Tel: 01332 296369

**DUAL FRANCHISE MOTOR DEALERSHIP**

Near Southampton. Quality, niche franchises. High quality site. £3.3m sales and £170K pre-tax. Growing fast, lots of potential. Suit owner-driver or quality Group.

Write to Box B4846, Financial Times, One Southwark Bridge, London SE1 9HL

**Electrical Cable Manufacturer**

specialising in low-voltage thermoplastic and silicon-insulated cables.

For further details please contact  
Box B4845, Financial Times, one Southwark Bridge, London SE1 9HL

**Costume Jewellery Manufacturer**

Based South Coast  
Turnover £500K+. Good Profits  
Room for expansion.  
Owners Retiring.

Write to Box B4844, Financial Times, One Southwark Bridge, London SE1 9HL

Sole shareholder, on account of ill health, sells all his shares in his

**Swiss Ltd. Company with real estate**

of more than 100 holiday flats, hotel, multi-storey, car-park, pool, tennis-court etc. in Black Forest/south of Germany

Investigation of a state-registered chartered surveyor £500,000 D.M. Selling price only £1,200,000 D.M. (Requires cap. for debt-free cash settlement)  
Info under Fax-Nr. +41 461 81 38

**Jabez Barker Limited**  
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of Jabez Barker Limited. The company specialises in the following:

- Sale of new and used touring caravans
- Caravan accessories
- Camping equipment
- Repairs and servicing
- Turnover approx. £1 million
- Leasehold premises
- 6,000 sq ft showroom and workshops.

For further information contact Mr W J Kelly of Ernst & Young, One Colmore Row, Birmingham B3 2DB. Telephone: 0121 232 4000. Facsimile: 0121 232 4448.

**ERNST & YOUNG**

The United Kingdom firm of Ernst & Young is a member of Ernst & Young International and is authorized by The Institute of Chartered Accountants in England and Wales to carry on Insolvency Business

**Promotional Material Manufacturer**

We offer for sale a well run and highly profitable company based in the Home Counties with potential for considerable growth.

Key information:

- Projected turnover current year £2 million
- 20 employees
- 20% audited profit before taxation
- Circa 10,000 ft of modern leasehold premises
- Very strong blue chip customer base

Slaw & Company  
195 Banbury Road,  
Oxford OX2 7AR

**MANNED SECURITY COMPANY**

Turnover £1.75m  
Good Customer Base  
Management Continuity Available  
London & Home Counties  
Please write to Box B4851, Financial Times, One Southwark Bridge, London SE1 9HL

**LIQUIDATIONS AND RECEIVERSHIPS**

Every week, every company that has gone into liquidation or receivership, what they did and who the liquidator or receiver is.

Tel 01652 680889  
or Fax 01652 680867  
For further details.

**FOR SALE**

Midlands based Printing Company with lucrative government contracts.

Current turnover £300k - projected turnover 1997 £700k. Would consider outright sale. All replies to Fishwick & Co., 4 The Green, Hasland, Chesterfield, S41 6LJ

**SPECIALIST ENGINEERING**

Long established, growth orientated Midlands based specialist engineering company - no borrowings - progressive profits record circa 700K.

Write with indications of intentions and preservation of complete confidentiality.

Write to: B4843, Financial Times, One Southwark Bridge, London SE1 9HL

above 2,700

pages rebol

with ECU Fiat

# BT starts \$78m Internet kiosk project

By Nicholas Denton in London

British Telecommunications is preparing to invest \$50m (£78m) to build Europe's largest network of touch-screen kiosks to bring the Internet to the general public.

The Touchpoint terminals, launched yesterday, will allow users to book flights and cinema tickets, and order products such as flowers and wine. They will also display maps and news.

Although France's Minitel sys-

tem has allowed users to look up telephone numbers and book train tickets for more than a decade, Touchpoint will be Europe's first large-scale kiosk network using software designed for the Internet.

In the US, a group including CompuServe, the online service, is introducing about 1,000 public Internet terminals in Baltimore and Washington DC; and Holiday Inn, the hotel chain, is putting Internet kiosks in business centres and lobby areas.

In the UK, up to 10,000 kiosks will be placed in busy locations such as shopping and leisure centres, hotels and universities over the next four years if the pilot project is successful. BT expects the total cost to be \$50m.

BT is seeking to diversify its revenues as basic call charges fall. Although the kiosks have a coin slot and users will have to pay a small amount for some services, BT's main revenues from Touchpoint are expected from advertising

and from an agent's fee on goods sold through the system.

Users will be put through to companies providing goods and services by telephone and then pay via credit card. The service offers the same level of payment security as standard telephone services.

BT has signed up companies including Thresher, the chain of liquor stores, Interflora, which distributes flowers, and Thomson Tour Operators. BT will earn sales commissions ranging from 5 per

cent on items such as cinema tickets to 40 per cent on high-margin goods such as jewellery.

Advertisers such as Carling, the UK beer brand which has bought space in the sports news section of the service, will initially pay by the month. But BT may later charge companies according to the frequency with which users respond to the advertisement.

In the pilot project, BT will install about 200 kiosks in London over the next six weeks.

## Computers 'making little impact in homes'

British people believe science and technology have made life easier, but they are not convinced that computers offer real benefits in their domestic lives.

These are among findings of a survey that challenges conventional thinking about information technology and raises questions about its impact on people at home.

Early results from the three-year study - known as Future.com - suggest that the public is unimpressed by the claims made for new technology and that the "information revolution" is a myth. New technology was making an impact in the workplace, but not in homes.

The study was jointly administered by Ogilvy & Mather, the advertising company, and the Institute of Communications Studies at Leeds University in north-east England. It was based on responses from more than 5,000 homes.

Instead of "an information revolution", the study suggests a process of steady change in which new technologies are accepted into the home only when the benefits are clear and the price is right. "We are experiencing evolution, not revolution," the report suggests.

Almost 80 per cent of respondents believe that if they do not keep up with technology, they risk being "left behind".

Survey says technological movement is evolution, not a revolution

More than three out of every five people are "not thinking about getting a computer", and although almost 30 per cent of people have access to a computer at home, only 18 per cent regularly use it to work on.

The most common reasons for not owning a computer were: not having a need for one (62 per cent), too expensive (19 per cent) and not understanding them (16 per cent). Six per cent said they preferred to do other things with their time at home and 3 per cent admitted to disliking new technology. The survey revealed that 76 per cent of the workforce does not use a PC regularly.

The authors say "this contradicts the commonly accepted view that the information age will create an underclass excluded from the new technologies; the initial findings of Future.com suggest this may be a premature, alarmist conclusion".

Child education remains the main motivation for getting a PC (51 per cent), followed by Internet access (9 per cent) and electronic mail (3 per cent). Almost half

those thinking about buying a PC were aged between 25 and 34. Adult and middle-aged people emerge as the most frequent users of the Internet and on-line services at home.

People are increasingly using computer technology in public places such as shopping centres (25 per cent), airports (16 per cent), museums and art galleries (12 per cent), at railway and bus stations (12 per cent), public libraries (11 per cent), shops (10 per cent) and hospitals (3 per cent).

Almost three-quarters of those surveyed carry some form of financial card. The average number of cards owned is 2.1. Nearly 60 per cent have at least one store loyalty card, but the study suggests people have little understanding of the "real" motives behind stores issuing them - the creation of customer databases.

The report reveals that almost everyone has a television and four out of five respondents have video recorders. The average number of televisions per household is two, 18 per cent of those surveyed have a mobile phone and 2 per cent a car phone.

The study was sponsored by the Independent Television Commission, Ford, Guinness, Lever, Flextech, Telewest Communications and Royal Mail.

Paul Taylor

## Islands' tax haven status attacked

PA News Reporter

The Channel Islands between Britain and France and the Isle of Man between England and Ireland should lose their "elitist" tax haven status and be brought fully into the European Union, Mr Robert Evans, a member of the European Parliament, said yesterday. Mr Evans is the opposition Labour party's MEP for London North West.

He pointed out that the Canary Islands are part of the EU and asked the European Commission whether the status of the Channel Islands and the Isle of Man was just a loophole, "or is there a real purpose for their separate existence?"

The Channel Islands and Isle of Man were within UK territory, relied on the rest of Europe for many services and facilities, and had the British monarch as head of state, Mr Evans said. They should therefore be treated like the rest of the EU. "I think it does undermine the status of the European Union to have these islands operating in effect as play grounds for the super rich within Europe's borders and able to cook a snook at the rest of the Community."

Guernsey, the second largest of the Channel Islands, may follow Jersey's lead and introduce limited liability partnerships, which would offer some legal protection for the partners of accountancy firms registering in Guernsey.

The legislation, proposed by the Guernsey Society of Chartered and Certified Accountants, is aimed at island-based partnerships. In contrast, Jersey's law - the first of its kind in Europe - aims to attract firms from the UK.

The Guernsey law would be similar to Jersey's in that it would remove joint liability. That means that, if an action is brought against a limited liability partner, the personal assets of those partners not directly involved in the dispute would be protected.

"What we are proposing will be attractive to many local partnerships," said Mr Steve Harlow, managing partner of Ernst & Young's Guernsey partnership.

## UK NEWS DIGEST

### Two held over airport attack

Two men were arrested in London yesterday in connection with IRA mortar bomb attacks on London's main airport, Heathrow, two years ago.

A dozen mortar bombs were fired at Heathrow in three separate attacks within days of each other in March 1994. None exploded, but one landed on the roof of Terminal Four, which was crowded with passengers, while others narrowly missed parked aircraft. The attacks, plus other warnings of more bombs, caused panic among passengers. Meanwhile five suspects are due to appear in the Special Criminal Court in the Republic of Ireland after a raid on a remote farmhouse in County Donegal, which Irish police believe may have been an IRA training camp. The police found a prized mortar bomb, high-powered rifles, ammunition and explosives. Also found were manuals, sleeping bags and details of target areas, indicating that police had uncovered a significant IRA training camp as well as an arms store.

The mortar was similar to devices used in a number of IRA strikes on military targets in Northern Ireland before the terrorist group's now-abandoned 17-month-long ceasefire.

### LAW AND ORDER

#### New knife ban moves closer

The government yesterday moved closer to banning new categories of knives, as the opposition Labour party accused ministers of failing to keep pace with public resolve to tackle violent crime.

Mr Michael Howard, the home secretary, said during an acrimonious debate in the House of Commons on law and order that he was prepared to work with the opposition on ways of outlawing so-called combat knives if a suitable definition could be found. Labour described Mr Howard's remarks as a significant concession, following the government's policy reversal last week when Mr John Major, the prime minister, agreed to a Labour proposal to cooperate on passing bills on sexual offenders and stalkers.

Mr Jack Straw, Labour's home affairs spokesman, last night wrote to Mr Howard offering such a definition, which would be based not on the type of knife but on its prospective use. Under Labour's proposals, the sale of a knife would be forbidden if it was advertised "in a way which appears to cite or condone the possession of such an article for violent purposes".

John Humphrey  
Editorial comment, Page 16

### THE ECONOMIST

#### New chief executive named

Ms Helen Alexander is to become the new chief executive of The Economist Group from January in succession to Ms Marjorie Scardino who has been appointed chief executive of Pearson, the media group which owns the Financial Times and 50 per cent of The Economist Group. Ms Alexander is currently managing director of The Economist Intelligence Unit, the group's business information wing.

Raymond Snoddy

### FARMLAND SURVEY

#### Prices still 30% higher on year

Farmland prices edged down from record levels in the third quarter of the year, but were still 30 per cent higher than a year ago, the Royal Institution of Chartered Surveyors said in a survey published today. Strongest demand came from large farmers and agribusinesses, which are driving a vigorous market for arable land, the institution said. Average prices for farmland were £7,324 (\$11,425) per hectare.

Alison Maitland

## Store rises from the ashes

By Richard Wolfe in Manchester

Marks and Spencer is to re-open in the centre of Manchester this week for the first time since an IRA bomb devastated its store in the city in June. The retailer is to trade on two sites in the city centre over the next three years while it demolishes and rebuilds a larger store in place of the bomb-damaged building.

M&S has become the focus of attention among Manchester shoppers and traders since the bomb, and is an important supporter of the ambitious project to redesign Manchester's city centre.

M&S has conducted a high-profile campaign in Manchester to maintain links with its customers since the bomb. The retailer recently mailed about 400,000 charge-card holders in the region, and distributed 75,000 free magazines to shoppers



Lift-off: removal of a shopping centre bridge was one of the first elements in Manchester's revival of its bombed centre

in the city centre.

The retailing community in Manchester has been keen for M&S to re-open as soon as possible to boost the number of shoppers in the city centre.

Julian Hulce, chief executive of Manchester Chamber of Commerce, said: "Marks and

Spencer is the number one shopping draw and the opening of the new stores will mark the re-opening of the city as a Christmas shopping destination."

The M&S plans to build the new Manchester store at the heart of a design competition.

Charles Batchelor

## London encircled by motorway congestion

Critics of the M25 orbital motorway round London say that the frequent delays on the road are a sign of the UK's failure to devise a balanced transport policy which would shift more passengers and freight to rail.

The 185km motorway is claimed to be the longest bypass in the world and it continues to be surrounded by controversy 10 years after its completion.

It accounts for 14 per cent of the nation's motorway traffic, but only 6 per cent of the motorway network by length. Supporters point to the large volumes of traffic using the motorway each day as proof that it is doing its job.

Two-thirds of road hauliers made savings on journey times, according to a 1990 survey by Westminster University's transport studies group. It looked at more than 200 groups operating nearly 7,000 vehicles, and found other benefits which helped hauliers increase their business or reduce costs.

Some 30 per cent said they were able to make longer trips and win more business while 45 per cent increased their mileage without



increasing the number of vehicles operated.

The M25 has had an impact on the surrounding road network and 45 per cent of hauliers interviewed in the Westminster survey reported less congestion on other nearby routes. The M25 has removed 25m truck journeys from the streets of central London since its completion, according to the Freight Transport Association.

But even in 1990, at the time of the Westminster survey, congestion on the M25 was becoming a problem. Some 77 per cent of hauliers complained of congestion on some part of the motorway.

That is due in part to the fact that the M25 was originally intended to form just one part of an ambitious

series of road links around London.

The Greater London Development Plan of 1969 called for three ring roads to be built, including two closer to central London than the present M25.

The absence of these inner motorway rings has contributed to congestion on the M25. Sections designed to carry 90,000 vehicles a day now carry 120,000; one section meant for 130,000 a day carries 200,000.

Proposals to build a series of parallel link roads to take some busy sections of the M25 up to 14 lanes were dropped by the government last year after protests from residents, councils and back-bench MPs. Current plans envisage only one busy section widened to 12 lanes, but without taking up extra land.

But in future, congestion control will depend increasingly on more sophisticated traffic management - installing variable message signs, imposing uniform lane speeds and limiting access at certain points - rather than on any large-scale expansion of the network.

Charles Batchelor

THE JAPANESE DO EVERYTHING POSSIBLE TO MAKE FOREIGNERS WELCOME.

FLY DIRECT TO OSAKA

When you arrive at Osaka, you are landing on the world's first off-shore runway. The award-winning Kansai International Airport has been built, literally, in Osaka Bay.

Japan Airlines flies there direct 14 times a week, delivering you from London, Paris, and Frankfurt straight to the heart of Japan's industrial and business area. From there you can travel onwards to 20 destinations throughout Japan and the Asian Pacific region.

To fly direct to Osaka or Tokyo, contact your travel agent or ring your local JAL office. Your call will be most welcome.

**JAL** Japan Airlines  
A BETTER APPROACH TO BUSINESS

LAW

Right to be heard upheld

The fundamental principle of European law that a defendant has a right to be heard... The Commission was told no submissions had been made...

Scaroni rises at Pilkington

Paolo Scaroni is to become boss of the world's biggest automotive glass operation... An Italian, Scaroni began his career with Pilkington...

Australian farewell

Les Cullen (left), the former De La Rue finance director... resigned as finance director of the troubled food manufacturer...

JSE picks Loubser

The Johannesburg Stock Exchange has surprised brokers by appointing a trader to succeed Roy Anderson as president of the bourse...

... and IDC Ngqula

Khaya Ngqula (left) has been named the first black chief executive of the Industrial Development Corporation of South Africa...

Calver moves on

Brian Calver is stepping down as chief executive of Sierra Rutile to take over the reins as managing director of Navan Resources...

sk project... to held over... port attack

ON THE MOVE

Herbert Lanese, president of the MCDONNELL DOUGLAS aerospace unit... Robert Parmenter, a 31-year EATON CORPORATION veteran...

succession to Karl-Erik Sahlborg

Michael Emery is to retire as senior vice-president of operations at DUPONT... David Martin, recently retired president and chief executive of Occidental Oil and Gas...

Securities in New York

Achmad Kalla has been appointed to the new post of chief executive of Indonesia's BUKARA TEKNIK UTAMA... Scott Nelson, former president of Amara Hess Canada...

vice-president in charge of global relationships at ABN AMRO Bank

Fatrick Pitcher, 46, president and chief executive of Satchi & Satchi's office in Canada... New Zealand Brewer LION NATHAN has appointed Gordon Cairns...

International appointments

Please fax information on new appointments and retirements to +44 171 873 3826, marked for International People. Set fax to 'fine'.

VENTURE FORUM '96 EUROPE London, 4 - 6 December 1996. Expert speakers from Europe and North America will address this year's Forum... ISSUES TO BE ADDRESSED INCLUDE: Overview of Venture Capital and Buyout Markets in Europe...

The Slovak Savings Bank, Joint-Stock Co. and its Position in Slovakia's Economy. The Slovak Republic ranks among the successfully transforming countries striving to join the European and world structures... Chairman of the Board and President of Slovenska sporitelna: Ivan Kimo.



ARTS

Concert/Stephen Pettitt

Jansons conducts a memorable comeback

Recital

Taste of Gerhard

Although there has been no major festival featuring his music since the London Sinfonietta's Schoenberg/Gerhard series in 1973, the Anglo-Spanish composer Roberto Gerhard has at least managed to keep up a sporadic presence in this century year of his birth.

We can now hear a sizeable proportion of his output on CD and have even been able to experience a few of his major works in the concert hall recently, not to mention his opera *The Duenna*, due out on CD next year from Chandos following its revival by Opera North last year. Even so, justice has hardly been done to this major master, whose late works in particular are as inventive, innovative and rewarding as any from this half of the century.

So it was disappointing that a recital at the Purcell Room last Thursday by the Kreutzer Quartet, due to feature Gerhard's two string quartets, was unavoidably cancelled owing to the injury of the group's cellist. But its replacement by a hastily assembled programme by the Kreutzer's leader, Peter Sheppard, and the pianist Aaron Shorr did at least provide a well-thought-through substitute of major 20th-century violin and piano works, and offered some compensation for Gerhardists in the form of the master's eloquently wrought Chaconne for solo violin, which Sheppard despatched with a panache which belied its superhuman technical demands.

The inclusion of pieces by the other composers due to have featured at the quartet concert, Schoenberg - who was Gerhard's teacher - and Hugh Wood - who has acknowledged Gerhard's (and Schoenberg's) influence on his own music - also helped to capture something of the spirit of the advertised recital.

Wood's recent *Poem*, an impassioned song without words, seemed to owe most to Gerhard's Spanish-serial works of the 1950s. Schoenberg's late *Phantasie* was remarkably prescient of the mature Gerhard in its single movement and elusive thematic working, even if its combative surface is temperamentally the obverse of the scintillating euphoria of his pupil's most characteristic inventions.

That joy repeatedly surfaces in Debussy's late Sonata which, together with Satie's *Choses vues à droite et à gauche*, reminded us of Gerhard's early French leanings. Framing the whole recital were two pre-war classics, full-blooded homages to their composers' respective folk traditions, which Sheppard and Shorr attacked with typical empathy and virtuosity, responding as eloquently to the rapid mood swings of Janáček's Sonata as to the exuberant melange of Ives's Sonata No.2.

It would be good to hear these players do Gerhard's late masterpiece for the medium, *Gemini*.

Antony Bye

Earlier this year the world of classical music was shocked in its quiet way when it was announced that the Latvian conductor Mariss Jansons had fallen victim to a heart attack and would be cancelling all further engagements. And as so often, it happened to an apparently unlikely person.

Although his father, the conductor Arvid Jansons, also suffered from heart problems, Mariss, broad-shouldered and strongly jawed, appeared to be an unassailably durable figure, though one noticed that he no longer cut the

slim, dashing figure that he used to. Without warning, a conductor who was always the critical flavour of the month was not even one of the favourites on offer. Now, after a six-month convalescence, he is on his way back, albeit little by little, and flatteringly he chose the BBC National Orchestra of Wales above those other fine orchestras with which he has more lately been intimately associated - the Oslo and St Petersburg Philharmonics - to show us that he has lost none of his interpretative gifts.

Conducting in the sparsely attended and testingly dry acoustics of Sheffield City Hall, he gave a majestic and memorable reading of Bruckner's Seventh Symphony. There were long pauses between movements - perhaps a musical rather than a physical decision - but from a distance a newly slimmed Jansons looked healthy enough.

His performance utterly transcended the technical blips like the patches of scrawny tone, unmercifully exposed, that now and again came from the upper strings. In any case, there is nothing

wrong with BECNOW's ripe woodwind and rounded brass sections (the latter considerably expanded in this work), nor with the entire orchestra's ability to pull together and play as one. They are certainly a long way from being "the world's worst orchestra", as a colleague rather ill-advisedly described them elsewhere not long ago.

What characterised the reading above all, and what was evident in the finely coloured, gradual unfolding of the first movement, was Jansons's beautifully measured, unhurried phrasing, which ideally blended the intuitive with the calculated.

There was microscopic attention to internal balance and the finest tuning of the music's characteristic layered dynamics. And was it just fancy that the conductor's brush with death had left him with an ever so slightly slightly deeper, riper insight than before? This is, after all, a work that can be seen as a reflection upon death and transfiguration.

Since reactions in these circumstances can rarely be entirely objective it is impossible to say for certain. But it is possible to report that the Adagio, Bruckner's great outpouring in homage to Wagner, had an affecting sweep that intensified this music's already intense power, and that, just as in the preceding Scherzo, Jansons achieved what he did by allowing the music to be itself rather than through too much imposition from the outside. By the close of the Journey, after a finale judged to perfection, Bruckner's music had certainly achieved its purpose of elevating our senses to higher spiritual planes. It is wonderful to have Jansons back.

Narrow academy

William Packer on this year's short-list for the Turner Prize and the work of the Jerwood award winners

Today the work of the artists short-listed for this year's Turner Prize, worth £20,000 to the winner, goes on show at the Tate. The Jerwood Prizes awarded £30,000 for painting, and £15,000 for ceramics. These exercises, distinct in themselves, stand apart from the many other prize exhibitions in the calendar, not by virtue of their generosity but in respect of their short-lists.

They not only stoke up particular excitement about the result as an event, but also propose a more general importance. Whether it is justified is another matter.

This is the Turner's problem, for with the authority of the Tate behind it, and the name of England's greatest painter to enhance it, the inference is clear. And yet, having been thus set up, it is immediately qualified. "To a British artist under 50 for an outstanding exhibition or other presentation of their (sic) work", runs the rubric.

Leaving aside the *ageist* incorrectness of the organisers, quite why the under-50s should be thus privileged has never been satisfactorily explained. Is it really only the work of the young that is interesting, radical, relevant, "cutting-edge"? The Turner Prize... is raising awareness of new art, and allowing younger, fresher voices into the Tate" hurls Jansy Walker of Channel 4, the sponsors, though the rules have nothing of any such purpose or prescription. The reality is that the last thing any Turner jury is prepared to do is to pick for its short-list any artist not of the narrow academy of the current avant-garde.

So who are this year's fresh outstanding voices? Douglas Gordon

(28), he of the '24 hour Psycho' shown at the Hayward earlier this year, works with film and video. He now shows a work based upon a pre-war 'Dr Jekyll and Mr Hyde', using two large screens, again slowing the speed somewhat and making comparative cross-play between positive and negative, reversal and inversion.

Gary Hume (34) is a painter who makes *ham-fistedness* a salient virtue. He uses thick house-paint in bright colours and broad flat doses, simplifying his imagery to near-invisibility - a pair of feet, a hand, an archly ironical brown and orange snowman. His green 'Whistler', in which we can just make out two fingers in a mouth, "plays on references to the celebrated artist of the same name."

Simon Patterson (28) shows a map of the London Underground on which the stations are named after different categories of people, saints, artists, footballers and so forth. He has also covered an entire wall with a system of cosmic orbits, each assigned to an ideal world or state - Xanadu, Shangri-La, Cloud 9 and so on. In the centre of the room are three sails on steel frames, each sporting the name of a writer, Lawrence Sterne, Currier Bell and Raymond Chandler. He "enjoys the relationship between language and objects - making connections... discovering their literal and metaphysical potential..."

Craigie Horsfield (46) is a photographer whose subject is the world about him, in this instance a set of portraits, a nude, a dance hall, a view across Barcelona's roofs at night. He leaves his negatives for years before working on them, bringing the past as it were into the present. He prints them up inordinately enlarged, which

inevitably lends a portentous presence to what might otherwise be unremarkable. The winner will be declared on November 28. *Messieurs, mesdames, faites vos jeux.*

By coincidence, though the Jerwood prize shows are now over, the two winners have shows in London. John Hubbard (66), at Purdy/Hicks, is as fine a painter from the landscape as we have, and one, *pace* the Turner, clearly changing, developing and maturing all the time, and in the most engaged and radical way. His work lately has become more direct, less abstracted in its response, all clouds and storms and waves breaking on the shore. The vertiginous views above the sands of an estuary, spread out like a map far below, are subtle yet adventurous, his best yet.

Philip Eglin (37), at Contemporary Applied Arts, stands in a tradition of figurative ceramic that goes back variously through Staffordshire and Chelsea all the way to the Han and Tang dynasties, yet remains entirely of the present. He demonstrates, moreover, along with Claire Curmeen who shares the gallery, that much of the most adventurous work with the modelled figure is being done in the field of ceramic. His work is properly sculpture by another name, beautifully modelled with a relaxed assurance that recalls Dalou as much as anyone, for all the activity of the surface decoration. These are remarkable and beautiful things.

The Turner Prize Exhibition: Tate Gallery, Millbank SW1, until January 12, sponsored by Channel 4. John Hubbard - Scottish Paintings: Purdy/Hicks, 65 Hopton Street SE1. Philip Eglin: Contemporary Applied Arts, 2 Percy Street W1, until November 2.



'Seated Nude' by Jerwood prize winner Philip Eglin

Theatre/Alastair Macaulay

Tension in 'A Doll's House'

Intensely exciting though it is to experience Ibsen's 1879 play *A Doll's House* for the first time, it is more exciting yet to return to it. Nora the doll-wife will learn to insist that her first duty is not to her husband and children but to herself as a human being. You think you know what will happen - and yet he has you on the edge of your seat. And, when it does happen, it takes you by surprise.

The riveting and central feature of this staging is the performance of Janet McTeer as Nora. Seldom offstage, in a play lasting over three hours, she carries everything with her. She has warmth, variety, immediacy, spontaneity; I have never seen her act so well. Daringly, she employs such an array of still-girlish laughter, dismissive wrist-flipping gestures (as if to say "I won't think about it

until tomorrow"), and nervous gush that she makes Nora half-infectious, half-furiously which is surely, her intention. All of these thoughtless ways and manners she shows are spiritually diminutive: they are part of the immature skin she starts to shed at the end of the play. And, as she finds herself in one dilemma after another, she wonderfully, shuts them and opens her eyes, opens them wide; so that, as the final act proceeds, you truly feel the scales falling from her eyes.

But it seems wrong to analyse her performance in terms of individual features. Indeed, at two or

three points, I think she miscalculates or miscalcs. (In particular, she overdoes the overwrought shrieks in her not-good-enough tarantella. In 1879, by the way, the original Nora, had begun her stage career as a Bournonville-trained ballerina in Copenhagen, and would have danced many tarantellas in such ballets as *Napoli*.) But the overriding virtue of McTeer's performance is its unhesitating immediacy. This Nora is all self-contradictions. When Nils Krogstad leaves her, having made his bombshell announcement that he will not be dragged to the gutter without tak-

ing her with him, she is left alone. She stands quite still then she slowly sits down and in the next moment she says "Rubbish!" and laughs it off, or, rather, she tries laughing it off for the soliloquy that follows is all vacillation. Most thrilling of all is her pacing of the final scene with her husband. When she comes to the play's most famous line, the great feminist credo "I believe that I am a human being!", she has been backed by him, almost literally, up against a wall, and it comes from her as a hoarse, almost voiceless, scream, not loud; then, through the marvellous shock

that follows that climax, she adds, with less tension and more voice, "Or at least I will try to become one." She is still weak, and knows it, and her humility and realism are extremely moving. Only later does she achieve anger (feminist anger, too). When he says "No man sacrifices his integrity for the person he loves", she shouts back "Hundreds and thousands of women have!" with sudden, rasping rage, from the chest. McTeer wears her hair flowing fully down to her waist throughout, and her slender figure has seldom appeared to better advantage. She is a tall woman, but she keeps her body language and voice always in minor, domestic scale. Owen Teale, as her husband, is tall and broad enough to make her seem frail, and he conveys in every way the assurance she lacks. The way he reaches the verge of marital rape, earlier in the last act, is very finely judged. But fine judgment is in evidence almost everywhere here. Witness the casting of Gabrielle Lloyd as Kristine Lande, John Carlisle as Dr Rank, and Peter Gowen as Krogstad: roles all played in the round, revealing themselves and surprising us from one minute to the next.

For this, every praise to Anthony Page's direction. I query several decisions made by Frank McGuinness, author of the new English version used here, but the text plays well.

INTERNATIONAL ARTS GUIDE

AMSTERDAM CONCERT Concertgebouw Tel: 31-20-6718345... ANTIWERP DANCE De Singel Tel: 32-3-2483800

BARCELONA CONCERT Palau de la Música Catalana Tel: 34-3-2661000... CHICAGO THEATRE The Goodman Theatre Tel: 1-312-443-3800

GENEVA CONCERT Victoria Hall Tel: 41-22-3283573... MADRID CONCERT Auditorio Nacional de Música Tel: 34-1-5370100... MUNICH OPERA Nationaltheater

NEW YORK OPERA Metropolitan Opera House Tel: 212-362-6000... PARIS EXHIBITION Musée d'Orsay Tel: 33-1-40 49 48 14... SAN FRANCISCO EXHIBITION SFMOMA - Museum of Modern Art

STOCKHOLM CONCERT Stockholm Konserthus Tel: 46-8-7860200... STRASBOURG OPERA Théâtre Municipal de Strasbourg - Opéra du Rhin Tel: 33-88 75 48 00... VIENNA CONCERT Musikverein Tel: 43-1-5058681

WASHINGTON CONCERT Concert Hall Tel: 1-202-467 4600... ZURICH EXHIBITION Museum für Gestaltung Zürich Tel: 41-1-446 2211

WORLD SERVICE BBC for Europe can be received in western Europe on medium wave 648 kHz (463m)... EUROPEAN CABLE AND SATELLITE BUSINESS TV (Central European Time) MONDAY TO FRIDAY NBC/Super Channel: 07.00 FT Business Morning 10.00 European Money Wheel Nonstop live coverage until 15.00 of European business and the financial markets 17.30 Financial Times Business Tonight CNBC: 08.30 Squawk Box 10.00 European Money Wheel 18.00 Financial Times Business Tonight

Listing compiled and supplied by ArtBase The International Arts Database, Amsterdam, The Netherlands. Copyright 1996. All rights reserved. Tel: 31 20 664 6441. E-mail: artbase@plinet



Martin Wolf

## An unhealthy trade-off

Little discipline has been imposed on the growing number of preferential trade agreements which can cause more economic harm than good

Names matter. Who but a staunch protectionist could have anything against a "free trade agreement"? "Preferential trade agreements" sound less benign, while "discriminatory trade agreements", yet another name for the same thing, sound nasty. They can indeed be nasty - and need to be controlled.

Between 1947 and 1992, 85 preferential trade agreements were notified to the General Agreement on Tariffs and Trade (GATT), predecessor of the World Trade Organisation (WTO). Since 1992 another 60 have been added. Altogether, 80 of the 145 are in force.

All but three WTO members - Japan, Korea and Hong Kong - are members of one, or more, preferential trade arrangements. Some of the latter are of little global significance - that between Slovakia and Slovenia, for example. But some, such as Mercosur in south America and Asean in south-east Asia, include big developing countries. Those within Europe and north America embrace the globe's foremost trading powers.

Notwithstanding their importance, virtually no discipline has been imposed on the growth of these arrangements. While only one has been found in full conformity with the Gatt, none has ever been rejected. Effectively, these arrangements operate in limbo. Meanwhile, alongside the preferential arrangements, strictly defined, have come a number of still broader initiatives, such as the Asia-Pacific Economic Cooperation forum (Apec) and, more speculatively, the Transatlantic Free Trade Arrangement (Tafta). Since these potentially cover most trade, they threaten the development of mutually inconsistent rules and imperil the WTO's relevance as a rule-making forum.

Proponents argue that:

negotiated in a closed group of like-minded countries than in the unwieldy WTO.

● Where global liberalisation is infeasible, regional trade agreements are the best alternative.

● Regional trade agreements stimulate global liberalisation.

● Regional trade liberalisation is beneficial because proximity determines whether countries are natural partners.

● Preferential trade liberalisation between "natural" trading partners is economically beneficial.

None of these arguments is compelling.

First, even if rules could be agreed more easily among like-minded countries, there is no reason why these countries should be neighbours. Nor is there any reason why the membership any such group should be limited in advance. It would be far better to open discussions intended to develop rules in areas not covered by the WTO to any country prepared to join.

Second, the argument that global trade liberalisation is infeasible is hardly credible after successful completion of the Uruguay Round of

multilateral trade negotiations. Nor do the US and EU need to go outside the WTO to pursue liberalisation. On the contrary, they have themselves been among the principal obstacles to liberalisation within it.

Third, preferential trading arrangements may have stimulated global liberalisation. But there is no inevitability about this. In fact, negotiating preferential agreements raises obstacles to further liberalisation, by diverting time and effort and by creating vested interests in their continuation.

Fourth, proximity does not determine whether a country is a "natural" trading partner. Other things being equal, a country will trade more with a neighbour than half a world away. But a country will do more trade with a big, but distant, country than with a small neighbour: in 1993 Chile sent 6 per cent of its exports to Argentina and 16 per cent to the US.

Finally, even with "natural" trading partners - by which is meant countries with which bilateral trade is large - preferential trade can be harmful. The point is explained in a rigorous anal-

ysis by Professors Jagdish Bhagwati of Columbia University and Arvind Panagariya of the University of Maryland.\* If two countries already trade a great deal with each other, room for beneficial additional trade may be small. But if trade is diverted towards a high-cost partner, away from lower-cost suppliers elsewhere, the losses may be large. One source of such losses would be the transfer of the tariff revenue on imports from the rest of the world to uncompetitive producers in partner countries.

As if to demonstrate the truth of these propositions, a draft report by Mr Alexander Yeats of the World Bank raises doubts about the benefits of Mercosur.\*\* Although Mercosur has led to a rapid rise in trade among its partners, that growth may not generate many economic benefits. As Mr Yeats demonstrates (and the chart indicates) the most rapid increase has been in transport equipment and machinery. These are capital-intensive goods, in which members of Mercosur have shown little global competitiveness. In fact, says Mr Yeats, the higher the rate of growth of internal trade in a category the worse its performance on world markets has been.

Why has this happened? The answer is that for some uncompetitive products Mercosur retains high-tariff and non-tariff protection. Importing countries are paying high prices for imports of these goods from their partners - a recipe for mutual impoverishment. The way to lower these costs is to eliminate the distortion, by moving towards external liberalisation as rapidly as possible. This is just as true for other arrangements, such as the EU and NAFTA. Similarly, the simplest way to minimise the potential problem of mutually inconsistent rules is to negotiate

them at a global level. The conclusions are simple enough:

● Discriminatory (or preferential) liberalisation is not necessarily beneficial for participants, let alone the rest of the world.

● Geographical proximity need not be the right starting point for preferential liberalisation.

● The best way to develop consistent and predictable rules for a liberal global economy is unlikely to be through discussions in groupings that are closed to outside members.

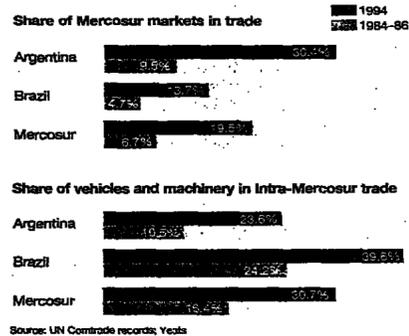
Discrimination within exclusive sub-groups cannot provide an enduring basis for a world-wide order. It is bound to generate friction and create inconsistency. Presumably for these reasons, non-discrimination and multilateral negotiation were the founding principles of the Gatt. They were seen as ways to protect the weak from the bullying of the strong; to promote economically rational trade, instead of arbitrary favours; and to put coherent and predictable rules in place of a patchwork of mutually inconsistent and complex trading regimes.

The uncontrolled march towards regionalism threatens all this. At the least, WTO disciplines on regional initiatives must be given bite. Ideally, the thrust towards regional liberalisation and rule-making needs to be shifted firmly into global channels.

\* Preferential Trading Areas and Multilateralism - Strangers, Friends, or Foes? in *Bhagwati and Panagariya (eds), The Economics of Preferential Trade Agreements (American Enterprise Institute, Washington DC, 1996).*

\*\* Does Mercosur's Trade Performance Justify Concerns about the Effects of Regional Trade Arrangements? Yes! (*World Bank, mimeo*)

### Trade diversion in South America



## Staying the course benefits others

Last week we said that economic return is an important factor in our decision to enter or exit business in any nation. A corollary to this—particularly in countries where attention is focused on civil and political reforms—is our belief that great global companies can be a positive force for change. We know this from our experiences in Indonesia, Saudi Arabia and Nigeria.

Some 30 years ago, an abortive coup by the Indonesian Communist Party triggered bloodshed and months of turmoil. Operating in the country since the turn of the century, Mobil had a substantial presence as well as assets there. We had a choice to make. Fortunately, those who made the choice reasoned that it was better to ride out the storm than to cut and run.

Five years later, the Arun natural gas field was discovered in Sumatra. That discovery made Mobil one of the world's leading natural gas companies and gave us a major source of earnings for many years. Indonesia also gained from the discovery, becoming a leading exporter of natural gas liquids and a major economic force in the Asia-Pacific region. In the process, many of its citizens acquired skills that would lead to high-wage jobs and successful careers.

From the very beginning, Mobil and the government of Indonesia partnered for mutual benefit. The goal was to make Arun both a technical and commercial success. The project's viability was tied to Mobil's transferring technical know-how to the native work force. We established a technical school in northern Sumatra so Indonesians could acquire the skills needed for this monumental project. Many later went on to receive engineering degrees.

Our presence in Saudi Arabia brought similar benefits to its citizens. As a partner with Aramco, the state-owned oil company, Mobil trained many young Saudis as we helped develop

the kingdom's resources. The curriculum included planning, market economics and organization along with on-the-job training in how large multinational oil companies operate. Many of the kingdom's present business leaders as well as several government officials came from Aramco's ranks.

Such experience keeps us optimistic about our impact in Nigeria. Through our joint venture with Nigerian National Petroleum Corporation, Mobil produces for Nigeria about 500,000 barrels a day of liquid hydrocarbons from several offshore fields. Our operations there date back to 1907. The investments that we and others are making to develop its energy resources are helping provide for the nation's future.

With nearly 1,600 employees—95 percent of them Nigerian nationals—our people range from clerks and secretaries to plant managers and directors. They enjoy employment conditions hard to match in any other industry, including training, development and advancement inside and outside Nigeria.

Mobil's impact and investments go far beyond the gates of our facilities. Because our affiliates in Nigeria are an integral part of their local communities and the nation as a whole, our people have developed programs that benefit many levels of society. These include projects in education, health, water supply, roads, electricity, sports, as well as the arts and culture.

Should American oil companies and other multinationals continue to invest heavily in developing countries—even trouble spots? The answer is yes. We will continue to explore for and develop the oil and gas supplies needed in the years ahead. Rather than cut and run from trouble spots, we will work to change them. By operating to the highest standards of business ethics, social responsibility and environmental safety, we believe Mobil can positively influence change.

Mobil

<http://www.mobil.com>

©1995 Mobil Corporation

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 8SP

We are keen to encourage letters from readers around the world. Letters may be sent to: +44 171 873 3333 (please not fax to "fax"), e-mail: letters@ft.com. Published letters are also available on the FT website: <http://www.ft.com>. Translations may be available for letters written in the main international languages.

## Mr Issing not even growing

From Ms Alison Cottrell.

Sir, Would that the tone of your editorial ("Mr Issing barks", October 25) - that Germany is recovering to a degree that puts the interest rate risk on the upside - were true, at least for the sake of its 10.4 per cent unemployed. While the evidence you present is undoubtedly correct, it is, however, misleading.

True, output is now 6.4 per cent above its February level; that is what happens when you compare a summer month with a month so cold that virtually nothing could be produced or built. On a nine- or 12-month comparison, output is 2.4 per cent higher. True, gross domestic product grew at a 2 per cent pace in the 1996 first half (and it is a sad reflection on the extent to which we have become accustomed to a near-recessionary Europe, that this seems startling). But this recovery remains export-driven, and the recent debacle over next

year's tax policy will have done little to encourage confidence at home.

True, M3 rose at an 8.4 per cent rate to September, on the Bundesbank's idiosyncratic annualised measure. But this is par for the course for a central bank which has missed its targets as often as it has hit them, and a strong "headline" conceals some very weak bank lending numbers.

And, true, the D-Mark has fallen 6 per cent from its March 1996 peak - the rapid ascent to which proved a nightmare for both central bank and economy, and which took more than a year of skillful policy and speech-writing to correct. Compared with January 1995, the D-Mark is an insignificant 0.3 per cent lower.

"If it were not for very low consumer price inflation, the Bundesbank might even be thinking of tightening". This is a very big "if", and while the statement is, again, undeniably correct, it is scarcely relevant to

Germany at the present time. In a fragile, low-inflation-recovery, the Bundesbank will continue to pursue a policy of stability. Interest rates have not been cut in 1996 to kick-start growth, but to prevent the very gradual recovery already in place from being knee-capped by D-Mark appreciation. A stable monetary environment does not necessarily imply rigid interest rates.

Mr Issing's teeth are, indeed, very sharp. But, contrary to the one factually questionable statement in your editorial, the Bundesbank's most professional watchdog is not "just barking". He has not even felt the need to growl when he does, the markets will not need to look to newspapers to discover they have been savaged.

Alison Cottrell, executive director, PaineWebber International (UK), 1 Finsbury Avenue, London EC2M 2PA, UK

## Little confidence in Czech stock market

From Mr Markus Winkler.

Sir, I noted Vincent Boland's understated observation "Mr Klaus rarely reacts to the sentiments of foreign investors" in his article on the Czech banking crisis ("Prime minister hails interest of foreign investor", October 23). This comment fails to convey Mr Vaclav Klaus's disdain for protecting minority

shareholders' interests. I know Mr Boland was present at an election rally earlier this year when a Czech shareholder asked Mr Klaus what he proposed to do about insider dealing on the Czech stock market. In dismissing the question, Mr Klaus replied: "Minority shareholder rights are the flavour of the month!"

The Klaus government has a long way to go to convince

foreign investors to return to the IPB Bank-dominated stock market, rife with insider deals. A good start would be to announce public support for an independent Securities and Exchange Commission and actually to create one.

Markus Winkler, Wernerstrasse 14, 8038 Zurich, Switzerland

## Women already spotted Republican flaws

From Ms Louise van der Laan.

Sir, Michael Prowse ("Politics of gender", October 25) hopes that if "American conservatives argued their case more

adroitly, they just might win back more women voters".

He misses the point. It is not that the Republicans do not argue their case well; it is that their policies are flawed. And perhaps women

have been a bit more adroit in spotting this.

Louise van der Laan, Patisseriestraat 6, 1000 Brussels, Belgium

## The FT Interview • Helmut Maucher

# The threat from without

Nestlé's chairman tells Lionel Barber Europe must become more competitive

What does big business want from the present negotiations in the intergovernmental conference on the future of the European Union? According to Mr Helmut Maucher, chairman of Nestlé since 1990, a more effective, better-managed Union, one which looks outward at the competitive threat facing European business rather than inward at the minutiae of its own organisation.

Mr Maucher, who comes from the German milk-producing region of Allgäu, is a committed European whose private obsession has long been competitiveness. But he also speaks for some of Europe's largest businesses: this year he became chairman of the European Round Table of Industrialists (ERT) which brings together 47 heads of companies such as British Petroleum, Bayer, Ericsson, Philips and Siemens.

In the mid-1980s, the ERT, led by Floris Maijers of Unilever and Carlo De Benedetti of Olivetti, helped Jacques Delors drive through the vision of a single European market of 350m consumers. Mr Maucher now warns that unless the 15 member states strengthen their capacity to act collectively, the Union is condemned to further political and economic decline in relation to the US and Asia.

"The mentality of Europe is in many ways the mentality of a dying society," he says during an interview at Nestlé's Frankfurt office. "We suffer from hedonism, narcissism and the unwillingness to take risks. We are moving from a society of commitments to a society of options."

A crusty industrialist of the old school, Mr Maucher, 68, has never been afraid of speaking his mind. He made his reputation in the 1970s defending Nestlé during the controversy over the promotion of baby-milk products in developing countries.

He can quote the recent European Commission report which showed the Union's share of exports to other countries in the Organisation for Economic Co-operation and Development has been falling since



Helmut Maucher: never afraid to speak his mind

1987. The report blamed a weak presence in growth markets, inadequate profit margins and unsatisfactory returns on investment.

Mr Maucher praises efforts to reduce public deficits in the common drive to monetary union, notably in France, Italy and Spain. But he has no enthusiasm for the new "jobs chapter" proposed for the Union by Sweden.

Instead, more must be done to roll back the frontiers of the public sector and trim taxes. And pan-European energy, telecommunications and transport networks are needed to replace high-cost national systems.

His biggest gripe is over-regulation - which has, for example, driven genetic engineering out of Europe. The Germans, he says, are the champion regulators. He has little patience with his countrymen's latest angst over mad cow disease, scoffing at the way in which "a one-to-a-billion risk" leads to the slaughter of hundreds of thousands of cattle.

Mr Maucher supports the EU's slow process of transferring sovereignty from nation states to collective decision-making institutions in Brussels. He believes the

Union, through the European Commission, should have a strong voice on all aspects of external economic relations, including trade in services, investment and the protection of intellectual property.

Though a late convert to economic and monetary union, Mr Maucher sees the single currency as essential to deepening integration. The future independent European central bank will have exclusive responsibility for monetary policy, leading to "fiscal harmonisation" among members of the zone.

"He believes it makes no sense, on practical or political grounds, to transfer education and health policy to Brussels. And powers in foreign policy and defence will continue to be shared between the EU and national parliaments."

But Mr Maucher believes the next step for the Union is to define a "core" set of common activities to which all members - including the semi-detached British - must subscribe. These should be the free flow of goods, people, capital and services; a common foreign and defence policy; streamlined decision-making with more majority voting; and a common immigration policy.

He admires the "flexible labour" measures in the Social Chapter, which seek to establish minimum standards in social and labour policy. But like a growing number of Europeans, Mr Maucher has become impatient with the British who he suggests want the benefits of membership without the obligations. The EU will have to be "brutal" - a favourite Maucher expression - with those who refuse to sign up.

Without closer European integration, he believes the continent's companies will be doomed to play second fiddle in world markets. Mr Maucher's biggest fear is being unable to negotiate on equal terms with the Americans on matters of mutual economic interest, such as accounting standards or tax when the difference between successful and failure can be measured in tens of millions of dollars.

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Tuesday, October 29 1996

Heart of darkness

The crisis in eastern Zaire has all the ingredients of a catastrophe that could envelope central Africa... But only half-hearted attempts were made, and when last August Zaire tried to take more forceful action the world cried foul.

No contest

The race for the post of chief executive in Hong Kong is under way in earnest. When nominations closed yesterday more than 30 people had put forward their names to govern the territory after its reversion to China next July.

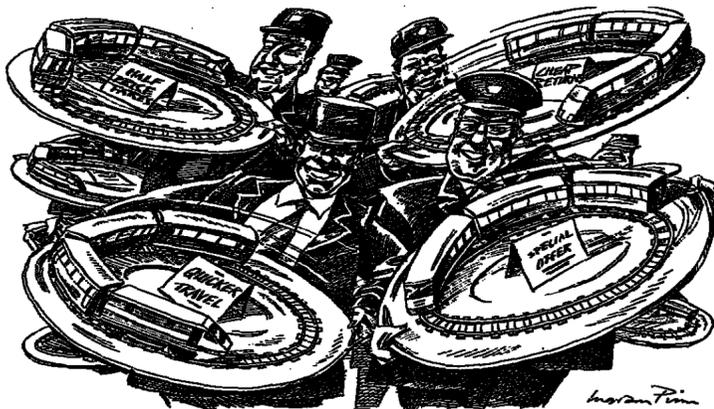
Knives out

The leaders of the UK Conservative and Labour parties really ought to find some other subject to bicker about than the banning of combat knives. There is little disagreement between them although the issue, like the possession of hand guns, raises strong emotions.

All change on UK railways

Privatisation has produced significant improvements in services but public scepticism persists, writes Charles Batchelor

Rail privatisation in the UK is well under way. Around Britain, new operating companies are cutting journey times to far-flung parts of the country and offering bargain fares between big cities.



Passenger companies

Table with columns: Franchise, New Owner, Ticket Revenue, Route Miles, Employees. Lists various rail franchises like Great Western, South West Trains, etc.

Salmon. And various companies are considering introducing tilting trains which would reduce journey times without the need for expensive track improvements.

Predatory bus companies board the trains

Rail privatisation came at the right time for Britain's bus managers. Ten years after the deregulation of their industry, they used the experience gained in buying their own businesses to seize a large share of the rail market.

Mr Brian Souter, co-founder and chairman of Stagecoach, has built Britain's largest bus group with a policy of aggressive expansion. "We believe we can translate to rail the techniques we applied in the bus industry to cut overheads, improve productivity and make the business more customer-oriented," says Mr Souter.

OBSERVER

Cuccia's discretion

The secretive habits of Enrico Cuccia, the veteran head of Mediobanca, Italy's most influential merchant bank, are of course legendary. But even he has surprised the business and political establishment by the veil of discretion he had managed to draw around the recent death of his wife, who went by the remarkable name of Idea Nuova Socialista.

Long goodbye

No secrecy, however, when the sun set unexpectedly yesterday on a French institution. Madame Germaine Soleil, the astrologer, has died at the age of 86. Her name entered into the language when President Georges Pompidou once eluded a journalist's question with the retort that he was not Madame Soleil.

Cheque it out

Deutsche Morgan Grenfell's ability to inflate the salaries of investment bankers around the globe cannot endure indefinitely. But those who have failed to clamour aboard the current carousel need not necessarily despair.

UK foreign secretary Malcolm Rifkind just now, the Brits in Hanoi don't give a fig.

The British Business Group, which has arranged a lunch in his honour as he swings through on an official visit next Saturday, intends to change that. Because at the moment a mere five souls have signed up for the event.

100 years ago

Newfoundland Prospects Any possibility of improving the financial prospects of Newfoundland will be gladly hailed by the rest of the Empire. The recent discoveries of gold in the island were, therefore, a special cause of satisfaction, especially when the financial and trade benefits that have accrued to West Australia from the gold fields were borne in mind.

50 years ago

Wall Street Sags Wall Street stocks yesterday registered their sixth successive decline, with losses ranging to \$3 over a broad front. At the close, declines outnumbered advances by six to one, and the markets finished heavy.

Beat that

Anyone who walks the streets of Paris becomes inured to sexist advertising. But the full-page spread for Siemens mobile phones in yesterday's Le Monde newspaper was a little extreme even by local high standards.

Rifkind's fans

However heavily the affairs of state weigh on the shoulders of



A WRITER



Bhutto resigns finance role after IMF pressure

By Farhan Bokhari in Islamabad

Ms Benazir Bhutto, prime minister of Pakistan, yesterday gave up the finance portfolio, which she has held since she came to power three years ago.

comes as the government's popularity continues to fall. Hours before his appointment was announced, police in Islamabad and the neighbouring city of Rawalpindi fought Islamic activists whose protests have disrupted the cities over the past two days.

Mr Qamar's appointment would immediately improve prospects for an early deal with the IMF on resumption of disbursements from a \$600m standby loan. An IMF mission is in Islamabad this week for talks with officials on the loan, suspended in June after the government's annual budget had failed to meet IMF expectations.

"The government would need to demonstrate that it can keep harsh measures on track despite public protests. The appointment of a new minister alone can be meaningless," said a western economist yesterday.

Mr Qamar's promotion

New health fears as Yeltsin suspends meetings

By Chryso Freeland in Moscow

Russian President Boris Yeltsin yesterday cancelled all this week's planned meetings to undergo medical tests, renewing speculation about his condition.

Doctors and political analysts said the sudden announcement probably signalled either a sharp deterioration in the Russian leader's condition or a decision to perform heart bypass surgery earlier than planned.

Officially, the Kremlin said the president's work schedule had been cleared to allow doctors to do the tests needed in the "final stage" of Mr Yeltsin's preparation for surgery.

"Planned preparations for heart surgery have entered the final stage and the president will undergo a whole series of medical tests under a special regime in the next few days," Mr Sergei Yastrzhembsky, the Kremlin press secretary said.

Mr Yastrzhembsky said no date for the operation, tentatively expected in the second half of November, had been set.

Dr Mikhail Alshybaya, a Moscow cardiologist, said the announcement could mean only one of three things: "First, it could mean that his condition has seriously deteriorated. Secondly, it could mean they are going to perform another coronary angiography (a two-day investigation of heart activity), because that is the only test which would require the meetings to be cancelled. Or, thirdly, it could mean that they will now conduct the operation, but will not tell anyone about it."

Mr Sergei Markov, a political scientist at Moscow State University, said the most likely reason for the isolation of the president was a serious decline in his condition.

On the Russian markets, the news was overshadowed by reports that more government bonds had been suspended.

Several investors said \$56.8m worth of bonds had been frozen either yesterday or Friday, following the suspension of \$100m of bonds earlier this year.

The reports pushed the fifth tranche of the dollar-denominated bonds down to 38.25 cents on the dollar, from an opening price of 39.25 cents.

Investors said they had received no official confirmation of the suspension, but a Moscow banker said he learned of the move in a statement yesterday from Vneshtorgbank, the custodian.

Corporate tax debtors, Page 2

THE LEX COLUMN

Germany gears up

Corporate Germany has been lobbying for the legalisation of share buy-backs for years. But yesterday's Justice Ministry promise to change the rules by early 1998 is the government's first public acknowledgement that it is listening.

The change would be good news for investors. According to J.P. Morgan, 52 European companies - mainly British - have announced buy-backs of \$50m or more since 1990; on average, their shares have outperformed their respective markets by 15 per cent in the subsequent five months. Buy-backs do not make sense for every company. But those with strong cash generation, few acquisition opportunities and low organic growth need to think about them. Companies whose cost of equity is higher than their cost of debt should even consider borrowing to retire expensive equity.

Several German groups fit the bill. Utilities such as EWE and Veba are good cash generators and have high costs of equity. Financial groups such as Deutsche Bank and Allianz are cash-rich and claim to be committed to shareholder value. That is also true of the big chemical stocks - indeed, Mr Helmut Loehr, Bayer's finance director, has been spearheading the campaign to get buy-backs legalised.

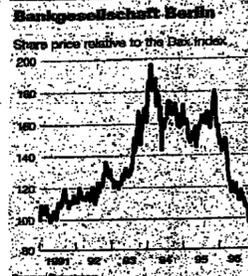
The German plan is not perfect. Repurchases will be restricted to 10 per cent of capital and their tax treatment remains unclear. But the mere fact that Germany is promising to liberalise its rules is positive and will put pressure on the rest of Europe to follow suit.

German banking

Germany is hugely overbanked. On the surface therefore, the idea of merging two inefficient regional banks into a bigger, leaner powerhouse, able to punch its weight in Europe, makes a lot of sense. Were Bankgesellschaft Berlin (BBG) to marry Norddeutsche Landesbank (NLD) - as yet the two are too shy to admit to anything but holding hands - it would create the country's second-largest bank, with total assets of more than DM500bn.

But bigger does not mean better in this case. There is no geographical overlap; the two have already combined their mortgage subsidiaries and their project finance teams; and they already use the same computer systems. A merger would thus produce practically no cost savings. Nor does the private

FTSE Eurotrack 200: 1834.3 (+7.2)



Company ratio in the sector. A choice of conversion route puts it in the ridiculous situation of having raised even more capital - £200m subordinated debt - purely to fund the only reason for going through this unnecessary process is to avoid losing takeover protection. This may be good news for the management, but for members it is the opposite. Not only would allowing bids be good for the share price, ditching the PLDR scheme would also make available surplus cash of something like \$400m - \$170m more a head - which could be handed back to members. At the very least, they should be offered the choice.

Northern Electric

BBG have much to teach public-listed NordLB. As its share price testifies, BBG is suffering from high bad debts and rising costs - partly the aftermaths of its own creation from three separate Berlin-based banks several years ago. BBG's return on equity was 5.6 per cent in 1995 and this year it will be lower. The only thing a merger would increase are the enlarged bank's international ambitions. Each potential partner has ambitions to build up its investment banking presence in London.

The real proponent of this merger appears to be the state of Lower Saxony, which has 37 per cent of NordLB and wants to extract cash to ameliorate its own budgetary problems. As these two banks lumber towards an embrace, outside investors should get out of the way.

Alliance & Leicester

Doubtless Alliance & Leicester borrowers and savers are rubbing their hands with glee at the prospect of a £1,000 (£1,600) windfall when the building society becomes a bank. But in truth, they are getting less than they should. To see why, compare A&L's plans with those announced by Halifax last week. Ingeniously, Halifax is converting by transferring its business into an existing subsidiary. This will avoid having to tie up capital unnecessarily in a so-called "priority liquidation distribution right" (PLDR), a rather eccentric legislative requirement. It will also avoid the five-year takeover protection most converting societies enjoy.

A&L should be following Halifax's lead. Already the building society with the highest total sol-

At first glance, CalEnergy's assault on Northern Electric looks less silly than many previous US bids in Britain's power sector. Whereas other US bidders have often appeared solely driven by the mistaken belief that the targets were cheap, CalEnergy is at least able to articulate a strategic rationale as a generator it wants expertise in distribution where it has ambitions elsewhere in the world. Moreover, as a multiple of cashflow, its offer is below the average take-out price in the sector.

Yet these comforting thoughts are deceptive. For a start, however much CalEnergy wants exporting \$55m is a lot to pay for it; hiring few individuals would surely be a better solution. And sadly, a below-average multiple looks appropriate given Northern's over-exposure in the supply business where margins face serious threat. Attempts to value Northern on fundamental grounds often have difficulty stretching much above \$520m or so.

It follows that Northern will not find this bid easy to fight. Its locker, though probably not completely bare, was badly depleted by the Trafalgar House battle. And although a white knight bid from another British power company could make plenty of sense, getting government approval after Friday's decision on water transfers would be tricky. In short, if the board do see any compelling reasons why CalEnergy should be allowed to raise its bid, with the shares trading at 50 above the CalEnergy offer price shareholders should seriously consider selling in the market.

Lex Columnist in Kentwood, Pa.

Argentine group loses out in Falklands oil bidding

By Robert Corzine in London and David Pilling in Buenos Aires

The Falkland Islands government yesterday awarded permits for oil exploration in waters claimed by Argentina but rejected two bids from a consortium including the only Argentine bidder.

The Falklands government, which granted exploration licences to five groupings to explore to the north of the islands, declared the licensing round "a staggering success". A recent seismic survey has shown large geological structures similar to those found in prolific oil regions such as the North Sea.

However, a consortium led by British Gas with YPF, Argentina's largest oil concern as minority partner, emerged empty-handed from the round.

YPF's participation had been regarded as an important symbol of improving relations

between the UK and Argentina, which were involved in conflict over the Falklands in 1982. Britain and Argentina reached an understanding in September last year to permit oil exploration around the islands.

However, both governments sought yesterday to play down the rejection of the bid. "From what we understand, there has not been any type of discrimination against YPF on nationalistic grounds, but the bids were judged on purely commercial criteria," the foreign ministry in Buenos Aires said.

"YPF should be able to get involved in exploration through joining a consortium that has been awarded a block," it said. It was also understood that Shell Argentina would participate in exploration of the bloc awarded to Shell.

The British Gas-YPF group had bid for the two most

northerly and promising blocks, which were won by consortia led by Shell and Amerada Hess. However, it apparently would have explored a smaller area and would have drilled fewer wells than its competitors.

British Gas said it was "naturally disappointed" at the outcome. The company said it could not exclude the possibility that it might try to join one of the winning consortia. YPF had no comment.

Mr Andrew Gurr, chief executive of the Falkland Islands government, said the government had "struggled" with the possibility of persuading British Gas and YPF to put in a more favourable bid. But that would not have been fair to others.

The winning companies are committed to spending \$200m in exploration over the next five years.

Licence awards, Page 5

SA groups

Continued from Page 1

opportunities for black economic empowerment. However, Mr Benningfield ruled out any prospect of Malbak companies being sold at a discount. Malbak yesterday announced a 26 per cent increase in net income to R643m for the year ended August 31. Turnover was 14 per cent higher at R17.6bn.

The target date for completion of the unbundling is the end of March 1997.

Swiss banking inquiry

Continued from Page 1

subsequently; the banks' practices with respect to the retention and destruction of records including account opening, closing, transactional and other record keeping."

Moreover, they will examine the payment of interest to, and the collection of charges from, those dormant accounts. The memo hints that banks which failed in their legal or fiduciary duties, or which tried to hide evidence of dor-

mant accounts, could be subject to disciplinary action by the Swiss government. The banks will not be allowed to pass to the auditors information concerning the identity of depositors seized by Poland's post-war government.

The Swiss government and its banking industry have been stung by documents recently uncovered which suggest that the banks handed over only a fraction of the assets of largely Jewish depositors killed during the war.

Corporate tax debtors, Page 2

FT WEATHER GUIDE Europe today Most of north-west Europe will be unsettled and windy. The North Sea is expected to have gale force winds. The Benelux and northern France will have showers. Southern Scandinavia, Germany, and the western Alps will have rain. Poland, the Czech Republic and western Russia will be cloudy with patchy rain. The UK will be calm and mainly dry with some sunny periods. Southern Portugal and Spain will be sunny. Eastern Europe will be cool. Greece and most of Turkey should have some sun. Five-day forecast The UK and north-western Europe will be cooler with changeable conditions and gusty winds. Italy, Spain and Portugal will be sunny. Eastern Europe will be cool with unsettled conditions in the north and some sunshine in the south-east. TODAY'S TEMPERATURES Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands. Table with columns for city, temperature, and weather conditions.

THE STOCK EXCHANGE OPENING DOORS to success There is no greater endorsement of a successful management team than a public flotation. CVC deals have an enviable record in this respect. To date more than 30 have gone public with a combined value in excess of £4 billion. Recent flotations such as Belhaven Brewery Group PLC, Brunner Mond PLC, Fofex Alpha, and Victrex PLC confirm the continuing success of CVC-backed managers. LET'S TALK If you are a manager who may have the opportunity to become an owner, or if you are an adviser to management, or a potential vendor, you should talk to CVC first. Our door is always open. We turn managers into owners CVC CAPITAL PARTNERS HUDSON HOUSE 8-10 TAVISTOCK STREET LONDON WC2E 7PP Tel: 0171-420 4200 AMSTERDAM • FRANKFURT • JERSEY • LONDON MADRID • MILAN • PARIS • STOCKHOLM CVC Capital Partners Limited is a member of the SFA

# FINANCIAL TIMES COMPANIES & MARKETS

Tuesday October 29 1996

"Remind yourself daily that a cheerful disposition invites success."

KAZUO INAMORI, founder of Kyocera

**COY Interleasing**  
CALL 0245 585840

HOW DO YOU CONTROL THE COSTS OF CARS, IF THEY KEEP MOVING?

Ask Coy Interleasing, As the UK's leading leasing and fleet management company we'll ensure you get the best possible value from your fleet.

## IN BRIEF

### France Télécom set to pay FF1bn

France Télécom looks set to pay out more than FF1bn (\$194m) in dividends to private investors in its first year as a publicly quoted company. Michel Bon, chairman, said the company's overall dividend payout after next year's planned partial privatisation was likely to be about 45 per cent of net profits. Page 19

**Henkel bids \$1.1bn for Loctite control**  
Henkel, a German chemicals concern, revealed an unusual bid for control of a US corporation with the disclosure that it had offered DM1.7bn (\$1.1bn) for the 65 per cent of Loctite it does not already own. Page 20

**Singapore Airlines down 11% halfway**  
Singapore Airlines announced disappointing first-half earnings, with operating profits down 11.4 per cent as it suffered from escalating fuel prices, the strong Singapore dollar and a soft cargo market. Page 21

**UniChem makes cost cuts pledge**  
UniChem said it was confident of beating the "conservative" synergy savings of £20m a year should its £841m (\$1bn) bid for Lloyds Chemicals, the high street retailer, be successful. Page 24

**TI faces Forsheda opposition**  
Disgruntled investors in Forsheda, the Swedish polymer engineering company, raised the stakes in their opposition to the proposed £189m (\$280m) takeover by the UK's TI Group by claiming that shareholders regarded the offer as inadequate. Page 24

**Gemms profitability 'highly variable'**  
The performance of some gilt-edged market-makers - the official dealers in UK government debt - strengthened in 1995, against the previous year, their latest profit-and-loss accounts show. The Gemms posted heavy losses in 1994, and the latest figures show their profitability as highly variable. Results ranged from a pre-tax profit of £28.9m to a loss of £9.8m. Page 26

**Liffe may take on olive oil futures**  
Olive oil futures are among new products being considered by the London International Financial Futures and Options Exchange for its newly acquired commodities section. Page 28

### Companies in this issue

ABN Amro	19	Keppit	24
ANZ	22	Lloyds Chemicals	24
Advent International	18	Loctite	20
AgriEvo	19	MCA	18
Apple Computer	20	Magyar Hitel Bank	18
Autoliv	18	Meibak	1
Ayala Land	21	McDonnell Douglas	20
Banco Santander	19	Merrill Lynch	20
Banco do Brasil	20	Microsoft	20
Bank Berlin	18	NSK	22
Bankgesellschaft	1	Navan Resources	11
Canal Plus	18	Nippon T & T	28
China Res Beijing	22	Nocil	21
China Resources	22	Nord/LB	1
Concord Land Dev	22	Nord/LB	18
Credit Local	26	Northern Electric	25
Creditanstalt	18	Pacific Concord	22
DePia	26	Pilkington	11
Euro Disney	18	PolyGram	20
Ferros	20	Randgold	1
Ford	4	Santam	19
Forsheda	24	Schering	19
GM	4	Sierra Rutile	22
Gehe	24	Singapore Airlines	21
Goodman Fielder	22	Standard Chartered	22
Grasim Industries	22	TI	24
Henkel	20	TVX Gold	28
Hitachi Credit	26	Toyota	4
Hoechst	19	Traders Square	22
IH	22	UBS	19
Intel	20	UK Active Value	24
Japan Highway	26	UniChem	24
KDD	21	Unit Trust of India	22
Kellogg	20	Volkswagen	4
Kanwood	24	Warner Music	20

### Market Statistics

Annual reports service	32.33	Foreign exchange	27
Benchmark Govt bonds	28	Oil prices	26
Bond futures and options	28	London share service	32.33
Bond prices and yields	28	Mixed funds service	29-31
Commodities prices	28	Money markets	27
Dividends announced, UK	24	New int bond issues	26
EMS currency rates	27	Bourses	36.37
Export prices	28	Recent issues, UK	34
FX/GBP-A World indices	38	Short-term rates	27
FT Gold Mines Index	34	US interest rates	26
FT/USA Int bond swc	35	World Stock Markets	35
FTSE Actuaries share indices	34		

### Chief price changes yesterday

FRANKFURT (DM)		Credit Nat	299.10	+ 17.50
Adidas	124.70	Deutsche Post	176.00	+ 3.40
Bayer	54.00	Deutsche Telekom	143.00	+ 7.00
BMW	92.00	Hansa	322.10	+ 3.40
Daimler-Benz	41.50	Henkel	115.50	+ 1.20
Hoechst	38.00	Merck	115.50	+ 1.20
Wolfsburg	35.00	Novartis	115.50	+ 1.20
LONDON (Pence)		YOKYO (Yen)		
Adidas	21.10	Deutsche Post	422.00	+ 19.00
Adidas	21.10	Hansa	322.10	+ 3.40
Adidas	21.10	Henkel	115.50	+ 1.20
Adidas	21.10	Merck	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+ 1.20
Adidas	21.10	Schering	115.50	+ 1.20
Adidas	21.10	Siemens	115.50	+ 1.20
Adidas	21.10	Telecom	115.50	+ 1.20
Adidas	21.10	Wolfsburg	115.50	+ 1.20
Adidas	21.10	Yokyo	115.50	+ 1.20
Adidas	21.10	Zeneca	115.50	+ 1.20
Adidas	21.10	Boehringer	115.50	+ 1.20
Adidas	21.10	Novartis	115.50	+ 1.20
Adidas	21.10	Roche	115.50	+

COMPANIES AND FINANCE: EUROPE

German banks move towards consolidation

Merger is not a word either Bankgesellschaft Berlin or Norddeutsche Landesbank like to hear in connection with their ongoing series of talks. Instead both refer to talks about developing concepts for closer co-operation.

tion per branch is just 1,633, against 3,230 in the UK, according to London-based brokers James Capel. The average cost-income ratio is 67.5, compared with 62.1 in the UK and 62.2 in Sweden.

Top 10 German banks

Tier one capital 1994



Table with 3 columns: Bank Name, Tier one capital (1994), and Quoted bank status. Includes Deutsche Bank, Dresdner Bank, Westdeutsche Landesbank, etc.

Source: Banker Top 1000. Includes text about the banks' joint venture in electronic data processing and their public sector and private consultancy subsidiary.

In the international arena Bankgesellschaft's ongoing search for a London-based investment house could be bolstered by the backing of Nord/LB which has also established a noticeable presence outside Germany.

As such it seems that, despite the continuing denials from both banks, a move to a merger is already under way. Analysts see one scenario in which Nord/LB is brought into the Bankgesellschaft holding.

How quickly this can happen, remains to be seen. A merger would require the agreement of four state governments - the city of Berlin, Lower Saxony, Mecklenburg-Vorpommern and Saxony-Anhalt - which are shareholders in Nord/LB.

Another unknown is the position of Bankgesellschaft's non-governmental shareholders, notably Gothaer Beteiligungsgesellschaft, the investment wing of the Gotha Versicherung insurance group with 10 per cent, which might be faced with a dilution of their stake.

EUROPEAN NEWS DIGEST

Canal Plus signs MCA film contract

Canal Plus, the French pay-TV group, yesterday said it had signed a contract with MCA, the US television and entertainment group, for the exclusive rights to show MCA films in France on both its terrestrial and digital satellite services.

Canal Plus will have sole access for pay-TV to the Universal Pictures' catalogue, which includes such recent films as Waterworld, Babe, Apollo 13 and Back to the Future, as well as such classics as Vertigo and Psycho. It will also launch a Universal channel as part of its satellite service, offering action, adventure and mystery films, using French and European productions as well as Universal material such as Columbo and The A-Team.

Shares in Euro Disney, the Paris-based theme park, jumped 3.48 per cent yesterday to FF910.55 after a French government official claimed the number of people visiting the attraction rose 10 per cent in the year to the end of September to 11.6m.

Funds buy 25% of Star Foods. Advent International's Central European Private Equity Fund, a venture capital investment fund, has led a group of investors in taking a 25 per cent stake worth \$8m in Star Foods, a Greek-owned snack-foods producer and distributor in Poland.

Trading in MHB suspended. Hungary's securities commission has suspended over-the-counter trading in Magyar Hitel Bank, the country's fifth-largest bank, following a sharp increase in the stock's price last week.

Autoliv posts 14% advance at nine-month stage

Profits at Sweden's Autoliv, which is to merge with the car safety business of Morton International of the US to form the world's largest car airbag and seat belt supplier, rose 14 per cent in the first nine months.

Sales rose from SKr7.8bn to SKr8.6bn. They were hit by a 10 per cent adverse currency effect, but this was largely balanced by a 9 per cent increase in revenue arising from acquisitions. Earnings per share rose from SKr6.70 to SKr7.65.

with Morton were progressing well and expressed confidence the deal would receive shareholder backing. Autoliv shares have been steady since climbing 13 per cent immediately after the merger deal was unveiled late last month.

growth was in its seat belts operations, where sales progressed from SKr4.1bn to SKr4.6bn, or 11 per cent adjusted for exchange rate effects and acquisitions. The company ascribed the increase to the successful launch of belt systems with so-called pre-tensioners, which are said to reduce the risk of injury in event of accident.

market was not as mature as in the US, and was set to continue expanding. However, he said Autoliv was experiencing price pressure, which would take some of the edge off growth. The company said it had started deliveries of side-impact airbags to Volkswagen and Audi, the German car makers and Autoliv's second and third customers after Volvo of Sweden.

Advertisement for Morgan Stanley as a Strategic Advisor of Choice for the Insurance Industry. Includes a world map graphic and a table of transactions for various clients like Munich Re, Swiss Re, GEICO, etc.

Table of interest rates for various currencies and terms. Columns include USD, EUR, GBP, and terms like 100,000,000, 500,000, 1,000,000.

Advertisement for Advent International, Copernicus Capital Management, and Pioneer Poland Fund. Includes text about acquiring a 25% shareholding in SAGAGROVE Ltd.

Advertisement for KANSALLIS OSAKE PANKKI, a Subordinated Floating Rate Note due July 1997. Includes interest rate of 5.78125% and agent bank information.

Advertisement for CREDITANSTALT Creditanstalt-Bankverein, offering various financial services and interest rates.

Advertisement for NOTICE OF REDEMPTION MORTGAGE SECURITIES (NO. 3) PLC, offering £117,000,000 Multi-Class Mortgage Backed Floating Rate Notes due 2035.

## Santander posts 13.2% advance

By Tom Burns in Madrid

Banco Santander, which is leading a drive by Spanish banks into Latin America, yesterday posted a 13.2 per cent increase in net attributable profit to Pta71.7bn (\$79.1m) for the first nine months of the year.

The result, which was helped by robust growth in the group's core commercial banking business both in Spain and Latin America, was in line with estimates.

Santander had the highest nine-month net income among the domestic banks, ahead of the Pta70.4bn posted last week by Banco Bilbao Vizcaya, its closest domestic rival.

Mr Emilio Botin, Santander chairman, said the

results reflected "the excellent evolution of recurring income".

Reporting big increases in outstanding loans, mortgage lending and managed funds, the bank said that net interest income rose 12.3 per cent to Pta222.7m and that earnings from fees and commissions increased 14.6 per cent to Pta116.1bn.

Average total assets, the largest among the domestic financial institutions, stood at Pta17,881bn, 14.5 per cent up on the nine-month stage last year, and return on equity increased from 16.55 per cent to 17.56 per cent.

Net provisions for loan losses, which increased 32.4 per cent to Pta32.7bn, and for goodwill amortisation, which grew at a similar rate to Pta4.8bn, held back prof-

itability. The group said, however, that these figures pointed to considerable unrealised earnings potential.

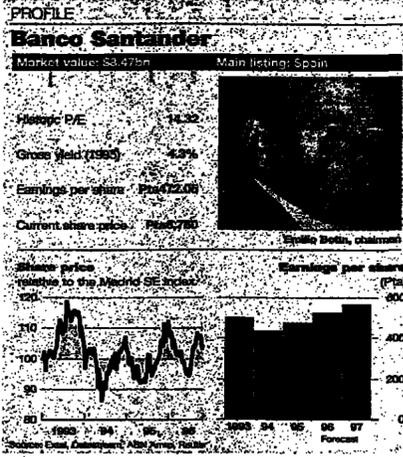
Some Pta12bn of the goodwill amortisation was absorbed by Banesto, the troubled bank which was acquired by Santander in 1994 and which is expected to start making a positive contribution to the group's results in the next 12 months. Under domestic banking rules, goodwill must be amortised over 10 years, instead of over 20 years as in the US, and it cannot be charged to reserves, as in the UK.

The results come as Santander deepens its involvement in Latin America, where it last week acquired 75 per cent of Grupo Financi-

ero Invermexico, Mexico's fourth-largest financial institution, in a \$378m deal. In April, Santander spent \$495m on Chile's Banco Osorno, which it merged with its existing financial activities to form Banco Santander Chile.

The Spanish group is now set for an acquisition in Venezuela, where it has been shortlisted in privatisation tenders for Banco de Venezuela and for Banco Consolidado, a smaller bank. Decisions on both sales are due before the end of the year.

Santander, which is also present in Argentina, Peru and Puerto Rico, has still not reached a ceiling imposed by its board which limits investments in Latin America to 20 per cent of resources.



## AgrEvo forecasts 36% rise for year

By Frederick Stüdemann in Berlin

AgrEvo, the German agrochemicals company, said it expected operating profits to rise 36 per cent to DM200m (\$131m) as a result of unexpectedly strong sales growth and the effects of cost-cutting in the first three-quarters of 1996.

Mr Gerhard Prante, chief executive, said the company, which is jointly owned by Hoechst and Schering, now expects sales for the full year to reach DM3,750m, 11 per cent higher than in 1995 and well ahead of the market average of 3-4 per cent.

Earlier this year AgrEvo had forecast sales of DM3,500m. Schering's shares advanced DM0.25 to DM124.80 on the news. Hoechst shares put on 77 pfennigs to DM58.05.

The strongest sales growth was expected in Latin America where a rise of 27 per cent to DM1,000m was forecast. This followed North America, where a 14 per cent increase to DM800m is expected. In Europe, the company's biggest market, a 4 per cent rise in sales to DM1,500m is forecast.

In global terms the com-

pany lifted its share of the \$260n agrochemicals market to 9 per cent. In sales terms AgrEvo is now the second largest agrochemicals company in the world after Novartis.

The company's biotechnology activities were progressing well but were dependent on public acceptance of genetically manipulated crops, Mr Prante said. This was a particular problem in Germany where there has been strong opposition from environmental groups.

Outside Japan the company benefited from a weakening of the D-Mark. Mr Prante said. In 1995 AgrEvo estimated it lost DM250m of sales and saw DM800m wiped off the operating profit by the negative effects of exchange rate.

Mr Peter Henkel, the board member responsible for administration and personnel, said AgrEvo's cost-cutting campaign was beginning to take effect and had contributed significantly to the rise in operating profits.

By 1998 the company aimed to cut DM300m off its costs compared with 1994. The 1996 profits forecast includes restructuring costs of DM130m, Mr Henkel said.

## France Télécom's first payout set to top FFr1bn

By David Owen in Paris

France Télécom looks set to pay out more than FFr1bn (\$195m) in dividends to private investors in its first year as a publicly-quoted company.

Mr Michel Bon, chairman, said the company's overall dividend payout after next year's planned partial privatisation is likely to amount to about 45 per cent of net profits. This is the same proportion as the annual payment the company makes to the French state, at present its only shareholder.

Private investors are expected to be given their first opportunity to invest in the group next April in what is expected to be the country's largest privatisation to date. The planned float is one of a string of share offerings in state-controlled Euro-

pean telecoms operators.

Mr François Fillon, telecommunications minister, said recently the proportion of capital offered should be "about 20 per cent". The state is to retain 51 per cent of the company.

On this basis, the group would need to make 1997 profits of more than FFr1bn for the FFr1bn payout to be triggered. A report on the company published in June by BZW, the investment arm of Barclays Bank, estimated net profits for that year would be FFr12.8bn. This would compare with a 1995 figure of FFr9.2bn, generated from sales of FFr147.5bn.

Mr Bon said he expected the group's 1996 accounts to include net provisions of between FFr15bn and FFr30bn, taking its net worth to below FFr100bn. This would be less than the level of its net debt, but Mr

Bon indicated that from 1997 debt should fall by between FFr10bn and FFr15bn a year.

As well as important adjustments in the wake of the company's much-publicised agreement to pay FFr37.5bn to the state in return for the transfer of pension liabilities, these provisions would include a significant sum for property

write-downs. Mr Bon said this was needed because the property was valued at 1990 levels - close to the peak of the French property market.

According to BZW, France Télécom believes its "original 1990 balance-sheet may have overvalued land and buildings by up to FFr25bn".

Mr Bon said he wanted to make next year's float a

"popular French" share offering. "All the French are clients of France Télécom and everyone has a view of the quality of the product," he said.

The arrival of private investors should also give the company with a one-off benefit related to the fact that it will pay ordinary dividends several months later

than it currently pays the state. The company makes this payment on the last day of the year to which it relates, based on an estimate of eventual profits. The first dividends to private investors, by contrast, are unlikely to be paid until well into 1998. Extra interest on this money could be worth tens of millions of francs.

## Randgold profits ahead sharply

By Mark Ashurst in Johannesburg

Randgold, the South African mining house whose recovery hinges on the fate of the country's marginal gold mines, announced a sharp rise in full-year profits.

Pre-tax profit for the year to September 30 more than doubled from R23.2m to R72.4m (\$15.66m). The results were not comparable with the previous period due to a radical restructuring, but they reflect significant gains from South African operations in the September quarter.

After-tax profit of R52.7m was 129 per cent higher than 1995, but included an exceptional item of R27.6m from the cancellation of management contracts with Blyvooruitzicht and Unisel mines. Excluding the exceptional item, after-tax profit increased by 9 per cent.

Turnover fell 21 per cent from R75.5bn to R59.8bn following the disposal of First Westgold mining company. Profit on the sale of investments was consequently higher at R37.9m compared with R254,000. No dividend was declared as Randgold had moved its year-end to March 31. The next financial statement will reflect the 18 months from October 1 last year.

Randgold's net asset value almost doubled to R1.9bn

during the period, reflecting the rapid growth of Randgold Resources, its new business arm. The market value of Randgold's investment in its listed South African interests was about R444m.

Earlier this month, Randgold Resources acquired a controlling stake in the Syama Gold Mine in Mali from BHP Minerals Mali for \$30m cash. The acquisition had wiped out the premium to net asset value of Randgold shares, which were trading at a discount to net asset value of about 18.5 per cent.

Mr Peter Flack, chairman, said the group's prime objective was "to eliminate the discount to NAV from the Randgold share price". Randgold had "moved our own goalposts" by buying Syama. The resources subsidiary would be listed before the first quarter of 1996 to raise cash to fund new business in Africa.

Randgold had become the first South African company to list on Nasdaq for 15 years. An issue of American Depositary Receipts, completed on October 4, had raised \$48m from 7 per cent secured guaranteed bonds convertible into South African equity by 2001.

Mr Flack said the issue, which was designed to increase Randgold's tradability, had been oversubscribed four times.

## UBS cautions on debt provisions

By William Hall in Zurich

Union Bank of Switzerland has underlined the continuing problems of the Swiss economy by signalling that bad debt provisions this year will be higher than the SFr1.2bn (\$951m) predicted only two months ago.

Switzerland's biggest bank, which does not publish third-quarter figures, reported yesterday that its third-quarter results were weaker than in the first two quarters of the year. Nevertheless, it said earnings for the first nine months of 1996 exceeded last year's full-year figure. The outlook remained "cautiously optimistic".

Like other Swiss banks, UBS has been hit by the problems in the domestic real estate market and an economic slowdown. In early August, it announced a 70 per cent increase in first-half provisions for bad debts to SFr900m. It warned then there was "no sign of the situation improving" in the near future and it expected

provisions to remain high in the second half.

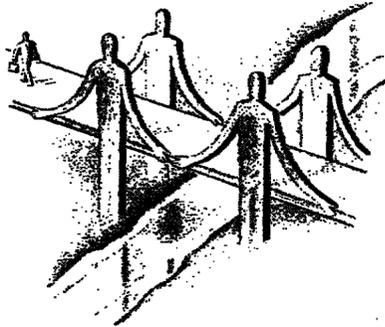
However, a month later, Mr Mathis Caballavetta, the group's new chief executive, was quoted as saying that he expected full-year provisions to be about SFr1.2bn, roughly in line with last year's figure. This led bank analysts to believe that the high-point in the group's bad debt provisions might have passed.

UBS did not elaborate on the reasons for its decision to take a more cautious stance on provisioning levels. It said there had been no improvement in the level of value adjustments, provisions and losses, which over all three quarters registered a significant increase against a year earlier. Credit risk provisions continued to relate almost exclusively to the Swiss loan portfolio.

Analysts are still expecting UBS to increase full-year earnings by about one-fifth in spite of its more cautious comments on its bad debt situation.

# Morgan means more to raising equity

More support for your stock offerings



How did J.P. Morgan get to be the fastest-growing equity house on Wall Street? By providing our clients with more.

More objective advice that considers your interests first. More active, tailored marketing of stock issues. More in-depth, standard-setting research. More of the right investors - all over the world. More aftermarket trading and research support. More hedging strategies for issuers as well as investors. And more attentive involvement all along the way.

No wonder so many issuers - from corporate giants to high-growth start-ups - ask us to return to manage their next offerings. That's what happens when you consistently deliver more.

www.jp.morgan.com

## JPMorgan

strategic advice • mergers & acquisitions • debt & equity capital raising • swaps & derivatives • credit arrangement & loan syndication • sales & trading • asset management

© 1996 J.P. Morgan & Co. Incorporated. J.P. Morgan Securities Inc. Member SIPC. J.P. Morgan & Co. is a member of the Federal Reserve System. J.P. Morgan & Co. is a member of the New York Stock Exchange and the National Association of Securities Dealers.

COMPANIES AND FINANCE: THE AMERICAS

Henkel bids \$1.1bn for Loctite control

By Richard Waters in New York

Henkel, a German chemicals concern, yesterday revealed an unusual bid for control of a US corporation with the disclosure that it had offered DM1.7bn (\$1.1bn) for the 65 per cent of Loctite it does not already own.

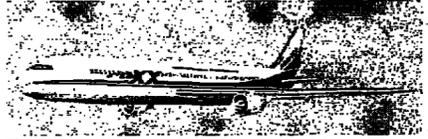
Henkel, the world's biggest maker of industrial and consumer glues, has owned a minority stake in Loctite for many years. At the weekend, Mr Hans-Dietrich Winkhaus, the German company's chairman, met Mr David Freeman, Loctite president and chief executive officer, to propose a purchase of the remaining 65 per cent, Henkel said.

friendly takeover," the German company said. It added that it would proceed with a public offer if this friendly approach failed. Henkel added that it had no plans to sell its existing, minority stake in Loctite.

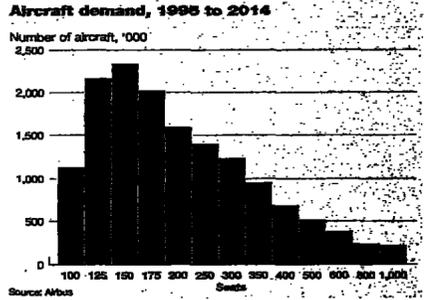
McDonnell abandons plans for new jetliner

By Christopher Parkes in Los Angeles

McDonnell Douglas has scrapped plans to develop a large jetliner to compete with market leaders Boeing and Airbus. The decision will again raise questions about the aerospace group's future in the commercial sector.



The McDonnell Douglas MD-XX long range jet



After reviewing a six-month engineering study, the board decided the risks of the \$3bn MD-XX project were too great, officials said. The cancellation of the project, which included options to extend the flying range or increase the passenger capacity of the 300-seat MD-11, leaves McDonnell without an aircraft with which to compete effectively for a share of the fast-growing markets in Asia and Latin America.

negotiations broken off earlier this year with Boeing. "We will stay in the market with the MD-11 for now while we look at other options," an official said. Longer-term development work was still under way on a futuristic aircraft with a blended wing and body configuration, for example. Production rates were increasing, and the MD-11, the biggest aircraft in the current range, had recently been boosted by an order from Lufthansa, the German flag carrier.

Microsoft and Intel in plan for low-cost 'NetPC'

By Louise Kehoe in San Francisco

Microsoft and Intel, the world's largest software and microprocessor groups, plan to develop jointly low-cost 'NetPCs' which they say will be significantly cheaper to administer than standard personal computers.

Apple Computer yesterday introduced two new products in the Newton range - one for school children and another for office workers, writes Louise Kehoe. The new machines incorporate PC-like features and are less dependent upon the handwriting recognition technology that proved to be the downfall of earlier generations of Newton products.

NetPCs are for use with repetitive tasks - such as order entry or airline seat reservations - which do not require the flexibility or ability to expand of a traditional PC. They are a direct response by the PC industry to the competitive challenge of network computers (NC) that have been widely promoted by Mr Larry Ellison, chairman and chief executive of Oracle, as a lower cost alternative to PCs.

Microsoft's planned introduction of low-cost 'JavaStation' NCs today. The move represents a reversal by Mr Bill Gates, Microsoft chairman, who has previously dismissed the NC as a step backwards in technology that would not have broad appeal. However, large businesses that are increasingly concerned about the rising costs of administration and support of PCs linked to corporate networks have expressed strong interest in NCs. Sun claims that the cost of its JavaStations will be about \$3,500 a year, about a quarter of the estimated annual costs of running a PC on a corporate network.

AMERICAS NEWS DIGEST

Warner Music sheds more jobs

Warner Music is making 20 people redundant by shedding just over a third of the staff at the black music division of its Warner Bros label, in the latest of a recent spate of job losses in the global music industry. A few weeks ago, Warner announced 80 redundancies at Atlantic, one of its larger record labels. The latest cutbacks come days after PolyGram, the Dutch entertainment group which is one of its arch-rivals, issued a profits warning and announced 400 job losses at its record labels.

Merrill Lynch, the large US brokerage and investment bank, yesterday announced its succession plans, following the retirement of Mr Daniel P. Tully, chairman and chief executive officer, at the end of the year. Mr David H. Kormanik will take up the post of chief executive officer in December, and is expected to take over the chairmanship in April.

Mr Kormanik, aged 57, is currently president and chief operating officer. Previously, he ran the company's debt and equity businesses, areas in which Merrill Lynch has a dominant market position. Mr Herbert M Allison Junior, aged 53, is widely tipped as the next chief operating officer. He is currently executive vice-president of the institutional client group, which involves running investment banking, debt and equities.

Femsa meet expectations

Femsa, Mexico's largest drinks company, last week reported improved third-quarter sales and profits, in line with expectations. Third-quarter sales rose 4.6 per cent to 4,498 pesos (\$566m). Operating profits increased 12.2 per cent to 395m pesos, and net profits 63 per cent to 448m pesos. Femsa has maintained its market share for beer and increased its participation in Mexico's soft drink market. Nine-month sales at the company's beer division, Femsa Cerveza, which accounts for 44 per cent of revenues, edged down by 1.8 per cent, in spite of a 6 per cent rise in volume on the domestic market. In spite of the declining peso, beer exports rose only 4.4 per cent and represented just 6.7 per cent of the division's sales.

Kellogg to set up new division

Kellogg, the US breakfast cereal company suffering the effects of a price war in the US market, yesterday said it was setting up a new division to capitalise on the growing trend towards so-called functional foods - products with added fibre, vitamins or other nutrients that purport to bring health benefits to consumers. The company cited its All-Bran cereal as one product that already offered health benefits. Dr William Meyer, appointed president and general manager of the new division, said: "With the ageing of consumers around the world, there will be an increasing demand for foods that can help prevent and manage disease." Functional foods such as bacteria-fortified yoghurts are already big sellers in Europe and Japan, but are a relatively recent phenomenon in the US. Last month Campbell Soup, the US food company, announced plans to set up a mail-order division that will deliver frozen meals purporting to combat high blood pressure, high cholesterol and diabetes. The Campbell Soup programme, called Intelligent Cuisine, costs \$7.95 for 51 meals, including shipping and handling. Subscribers are told they must stay on the programme for 10 weeks to experience its benefits.

Advertisement for CHEIL JEDANG CORPORATION, featuring details of a convertible bond offering with a 3% coupon and a maturity date of 2006. It includes terms and conditions, a formula for calculating the put price, and contact information for Citibank.

Advertisement for hannover re, a reinsurance company. It features the slogan 'Can you name the world's Top 5 reinsurance companies?' and 'hannover re is one of them - and growing'. It lists the company's status on stock exchanges and provides contact details for its German headquarters.

Advertisement for Dong-A Pharmaceutical Co., Ltd., featuring a notice of bondholders' additional option to redeem bonds on 31st October, 1998. It includes details of a \$25,000,000 convertible bond offering and contact information for paying agents.

Banco do Brasil aims to shake off past

Restoring the bank to health will be a slow process, writes Jonathan Wheatley

Third-quarter profits of R\$124m (US\$120.8m) may sound modest for Latin America's biggest bank, but after first-half losses of R\$7.8bn Banco do Brasil has reason to be satisfied. Its performance since July confirms it has turned the corner after years of dubious management and political interference. Shaking off the past will, however, take time.

under-provisioning for bad loans, its new managers, brought in in February 1995, may have been surprised by the size of the hole they discovered in the accounts. Part of their solution was an R\$8bn capitalisation issue in May this year. The new shares were widely overpriced and the issue flopped, forcing the national Treasury to increase its holding from 39 per cent of the bank's total capital (including 51 per cent of voting stock) to 73 per cent. But such a radical measure convinced many analysts that Banco do Brasil's previously opaque accounts were now transparent.

analysts' association. Abene. His first presentations last year broke 10 years of silence. A more fundamental challenge than opening the bank's accounts is to trim its bloated operational structure and develop new business areas. A voluntary redundancy programme helped cut staff numbers from 150,000 in mid-1994 to 106,000 this June. About 100 of its 3,000 branches closed last year; more will follow. "The restructuring programme now in place is designed to put all our branches into profit," Mr Caetano says. "Those that are not in profit by the end of 1998 will close." The bank scored some early successes with departures into new services. A private pension plan and mutual fund launched last year are both second-biggest in the market in terms of stock, owing largely to the bank's high visibility and large branch network, but also to good management, analysts say. In the third quarter, the bank covered 30 per cent of its administrative costs from service fees, up from 26 per cent in the first half and 12 per cent a year earlier.

Vertical text on the right edge of the page, including 'ing', 'irli', '1%', 'alif', 'ove', 'if-re', 'oil uni', and 'Australia Banking'.

COMPANIES AND FINANCE: ASIA-PACIFIC

Operating result hit by soaring fuel prices and strong currency Singapore Airlines down 11% halfway

By James Kyngie in Kuala Lumpur

Singapore Airlines, the national flag-carrier, yesterday announced disappointing first-half earnings, as it suffered from escalating fuel prices, the strong Singapore dollar, and a soft cargo market.

Group net profit rose 7.2 per cent to S\$561m (US\$399m), but operating profit for the six months to September 30 fell 11.4 per cent to S\$452m. Group revenues climbed 4.6 per cent to S\$3.53bn, and the gross dividend was 7.5 cents. The net profit was lifted by a large gain from the sale of aircraft and spares.

"It was a difficult first half, which saw the airline buffeted by escalating fuel prices, depreciating currencies like the yen and D-Mark, and soft cargo markets," Mr Cheong Choong Kong, chief executive officer, said.

The fundamentals of the business were hit. Overall yields - the net revenue per unit (both passengers or cargo) - declined 6.7 per cent as fuel costs rose sharply and the value of earnings overseas fell in Singapore dollar terms.

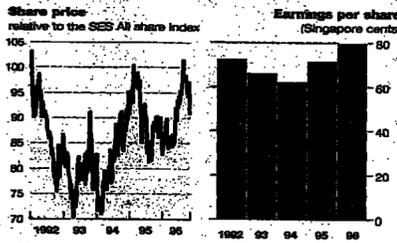
The fall in unit costs - 2.3 per cent - was slower than the fall in yields, meaning the break-even load factor climbed 3 percentage points to 65.4 per cent for passenger flights.

The outlook for the second half remained problematic. "Passenger traffic is expected to remain strong, but yields will still be under pressure from keen competition and the strong Singapore dollar," the airline said.

The airline's share price was the biggest loser on Singapore's stock exchange yesterday, falling S\$1 to S\$13. Some analysts revised down their forecasts for the whole year, with some predicting that the airline's net

PROFILE Singapore Airlines Market value: S\$1.76bn Main listing: Singapore

Table with 2 columns: Metric and Value. Includes Historic P/E (9.51), Gross yield (2.96%), Earnings per share (S\$0.80), Current share price (S\$13).



Source: Citic, Datastream, Reuters

profit would fall to make the S\$1bn mark in 1996-97. It reported a net profit of S\$1.05bn in 1995-96. No significant surplus from the sale of aircraft was envisaged in the second half. The airline said that between April and September, it took delivery of two

Boeing 747-400s and four Airbus 340-300s, and sold four Boeing 747-200s and one Boeing 737-300 freighter. The group's underlying financial position remains strong. Shareholder funds stood at S\$10.28bn on September 30, a rise of 9 per cent from a year ago.

Ayala Land solid amid unease

By Edward Luce in Manila

Ayala Land, the Philippines' largest property company, said net profits grew 34 per cent to 3.2bn pesos (US\$124.5m) in the first nine months of 1996, in spite of fears of a downturn in the Philippine property market.

But the results, which mean that Ayala is on track to achieve full-year profits of 4.4bn pesos, failed to stem the decline of its shares, which have fallen almost 15 per cent in the past month.

Ayala's B shares, which are open to foreign buyers, closed 1.5 pesos down yesterday at 25.5 pesos. "There is a lot of negative sentiment in the market at the moment about the Philippine property sector," said

Mr Colbert Nocom, analyst at ING Barings in Manila.

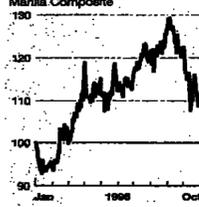
"We think that Ayala is being unfairly penalised by the pessimists because it is by far the healthiest property company in the Philippines."

The company, which lifted net revenues 26 per cent to 9.6bn pesos, said strong growth on all fronts had contributed to the earnings performance. Lot sales in the residential, commercial and industrial sectors led the way with a 38 per cent rise.

Most of Ayala's flagship projects, including the new stock exchange tower in Makati, Manila's business district - which posted a 100 per cent occupancy rate - also performed well. Sales of residential lots at Southvale village, an up-market hous-

Ayala Land

Share price relative to the Manila Composite



Source: Datastream

ing project in Manila, grew 77 per cent to 3.62bn pesos.

The company, which is about to pre-sell condominium units at its Roxas luxury property development in Makati - a joint venture

with Hongkong Land - also posted healthy growth in its middle-income housing projects. The sale of lots at the Madrigal business park and Laguna Technopark also grew strongly, the company said.

Some analysts, however, expressed concern that Ayala's net earnings actually dropped 4 per cent from the first six months of 1996. But the company, whose shares are trading at a 50 per cent discount to net asset value - considered a good indicator of property stocks - said it had postponed big sales until the fourth quarter, to exploit the seasonal rise in prices.

"If the property market does crash in the next few months, Ayala would be well placed to withstand the ill-effects," Mr Nocom said.

KDD forced to cut profit forecasts

By Michiyo Nakamoto in Tokyo

KDD, Japan's leading international telecommunications operator, has revised downward profit estimates because of weak demand and the impact of rate cuts introduced in the summer. The company expects recurring profits in the six

months to September to be Y14.5bn (\$127.9m), rather than Y17bn as initially forecast, because of weaker than expected demand for international call services and the impact of discounts it launched to improve international competitiveness.

Net profits are likely to be Y8.3bn, rather than Y9bn as forecast earlier. Sales for the

half-year will be Y166.5bn, rather than Y170bn.

For the full year, KDD expects full-year recurring profits to be Y27bn, rather than the Y32bn forecast, on sales of Y337bn, compared with Y343bn. It sees net profits at Y13.5bn compared with a forecast of Y16bn.

The company blamed slower than forecast growth

in the international call market, in part because of sluggish economic recovery. KDD's international calls are estimated to grow 9 per cent for the year, rather than at its earlier estimate of 11 per cent.

The impact of volume discounts is likely to be Y1.1bn in the first half, rather than Y800m.

Philippine SE moves toward self-regulation

By Edward Luce

The Philippine Stock Exchange has voted through a series of reforms which will enable it to become self-regulatory on November 12.

The move, which comes after months of often arcane wrangling, brings the Philippine regulatory framework into line with the system in New York. It is expected to send a positive signal to foreign investors.

The PSE, which says the move is part of a drive to shed its reputation for managing a closed shop for local brokerage houses, says the change in status will help modernise the market and put overseas investors on an even footing with their local counterparts.

"We wanted to show that we are a transparent exchange and not a private club," said Mr Wilson Sy, chairman of the 15-member board of directors. "We want to create more confidence among foreign investors and to show that we can professionalise the PSE."

Foreign brokers, however, say the move - which will enable the PSE to elect three non-brokers to the board of directors and give more power to the PSE's surveillance department to root out insider trading - is not enough.

Overseas broker houses, which form a significant minority of the 180 exchange members, say the PSE remains an opaque institution run by a cabal of mainly Chinese-Philippine brokerages.

"A lot more needs to be done to make the PSE the

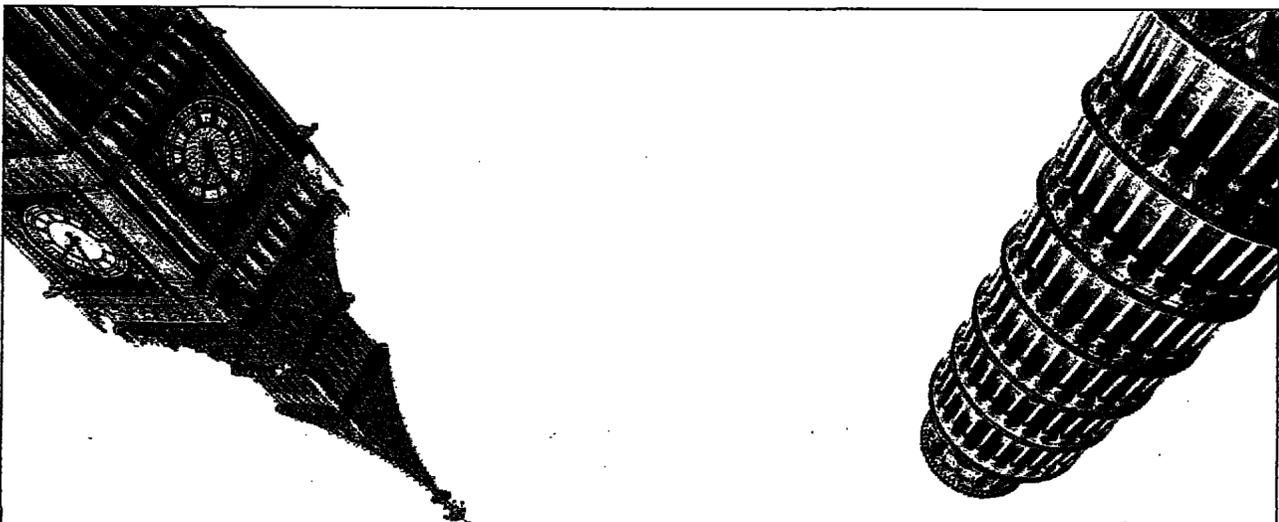
professional and transparent place it claims to be," one foreign broker said.

Philippine officials say the change in regulations will give the surveillance department the right to audit brokerages at any time without having to request permission from the board of directors. The department's power to investigate share price irregularities will also be strengthened.

Under the changes, which give the PSE autonomy from the day-to-day interference of Manila's Securities and Exchange Commission, two non-brokers will be elected to the board. These are expected to include one mutual fund manager and one company executive. Their election, which will take place after November 12, is expected to dilute local brokers' stranglehold over policymaking. The third non-broker is the president of the board.

"The reason these reforms are going through is because the globe is getting very small nowadays," said Mr Vitaliano Nanagas, recently appointed president of the PSE. "If we don't compete for foreign funds, nothing will come our way."

With many foreign investors moving out of Philippine stocks in the past few weeks, on fears of a downturn in the country's property sector, few believe the reforms will reverse the tide. But many, including foreign investors themselves - who make up about two-thirds of the PSE's daily turnover - say the move is at least a step in the right direction.



WE HAVE THE PEOPLE IN PLACE TO DO MARKET RESEARCH AROUND THE WORLD

(And The People Back Home To Tell You What It Means)

We offer local knowledge of the capital markets and economic policies of more than 45 countries. Plus the expert analysis of world events our clients can put right to work. And they do. Every day they make over \$60 billion worth of trading decisions with us.

Nocil unit seeks tie-up

By Tony Tassell in Bombay

National Organic Chemical Industries (Nocil), the Indian group, plans to spin off its petrochemical operations into a joint venture with a multinational company.

Nocil said Arvind Mafatlal was talking to five international petrochemical industry leaders about a joint venture as part of its efforts to finance expansion.

For the past two years Nocil has been planning a Rs46bn (\$1.2bn) expansion of

its plant at Thane, near Bombay, which will include a greenfield cracker project. However, it has been unsuccessful in raising finance through debt or equity issues.

Nocil said a majority stake in the proposed joint venture may be offered to the foreign partner, although details had not been decided. It said petrochemicals accounted for about half of total turnover.

The company made net profits of Rs911m in the year to March 1996, on sales of Rs10.3bn.

Advertisement for ANZ Bank Australia and New Zealand Banking Group Limited. Includes details about U.S. \$250,000,000 Subordinated Floating Rate Notes due 2000.

Advertisement for Bank of America. Features a large image of a classical building and the Bank of America logo.

## COMPANIES AND FINANCE: ASIA-PACIFIC

## Pressure off UTI to sell equity portfolio

By Tony Tassell in Bombay

The Unit Trust of India, the country's biggest mutual fund organisation and largest investor, has signalled that the pressure on it to sell shares to meet redemption payments has eased.

UTI said redemptions dropped sharply in the first quarter to September 30, to Rs14bn (\$393.3m) from Rs26bn in the same period last year. The news is likely to offer some relief to the Indian share market, given UTI's dominance of it.

The trust holds an equity portfolio equivalent to 9 per cent of the market capitalisation of the Bombay Stock Exchange. However, for much of the past two years this traditional supporter of the market has been a net seller of Indian equities because of heavy redemption pressures. Redemptions totalled Rs108bn in 1995-96 and Rs125bn in 1994-95.

UTI's sell-down has been an important factor behind the slump in the market over the past two years. The market indicator, the BSE 30 index, fell from a high of

4,643 in September 1994 to a low this year of 2,830 in January, although it has since rebounded above 3,250.

Mr Jagdish Kapoor, chairman of UTI, said heavy redemptions over the past two years had been driven by tight liquidity conditions in the Indian economy and tax regulation changes which made investment in mutual fund schemes less attractive to corporations.

"Since July, the pressure has eased considerably. Redemptions have been much less," he said.

Mr Ramnath Iyer, analyst with brokers Paregrius India, said the reduction in redemptions was good news for the share market. "UTI may still remain marginal net sellers in the market, but they will not be the aggressive sellers they were last year," he said.

Mr Iyer said if UTI selling slowed, prices may be pushed up by a shortage of supply. "UTI is traditionally the first port of call for anyone wanting Indian stocks. If they are not selling, the buyers will find it more difficult to pick up stock," he said.

The fall in redemptions comes as UTI finalises plans for a restructuring designed to separate its mutual fund operations from retail banking, broking, credit rating and custodial services.

The move is a response to criticism about the transparency and accountability of its operations, and to a challenge to its dominance of the Indian share market by an increasingly competitive mutual fund industry and inflows of foreign investment.

Mr Kapoor said a holding company would be set up to hold stakes in UTI's various operations. The company would then establish an asset management company to run the mutual fund operations on an "arm's length" basis. Shares in the holding company are likely to be offered to Indian financial institutions and the government.

Talks are continuing with Japanese group Nomura over a broking venture, and UTI is planning an offshore index-linked mutual fund with Swiss bank SBC Warburg.

## Western music makers hit sour note in Asia

Piracy and sluggish demand have slowed growth in the region

The aisles of the gleaming new HMV record store on the top floor of an Osaka shopping centre are crammed with Japanese teenagers, browsing through the racks or glancing at sleek video screens.

HMV's expansion in Japan and other Asian countries, together with that of rival Western record chains Tower and Virgin, helped turn Asia into one of the most dynamic areas of the global music market in the early 1990s.

The multinational entertainment groups that dominate the industry hoped Asia would show strong growth for the rest of the decade. However, music sales stalled in several countries, including Hong Kong, Singapore and South Korea, during the first half of 1996, reflecting slack demand and rising piracy in parts of the region.

Asia has never been an easy area for multinational record companies. Japan is well established as the world's largest music market after the US, but until recently other countries in the region were closed to foreign record companies because of restrictions on inward investment.

As those restrictions have been lifted the multinationals have moved in. Japan's Sony, PolyGram of the Netherlands, and the UK's EMI have built on existing interests in the region.

Warner of the US and Germany's Bertelsmann have expanded their activities there. These companies have had some success at introducing western superstars to Asia, notably Sony's Mariah Carey and EMI's Spice Girls. However, most of the market's



Home-grown talent: PolyGram signing Jacky Cheung

growth has been driven by indigenous artists, such as Dadawa, the Chinese singer signed to Warner, and Jacky Cheung, PolyGram's Hong Kong superstar known as "The God of Songs".

The record companies' expansion, coupled with that of HMV, Tower and Virgin, has led to improvements in Asian music distribution and a crackdown on piracy. As a result, retail sales of albums and singles in Asia rose 87 per cent from \$5.15bn in 1991 to \$9.62bn in 1995, according to the International Federation of the Phonographic Industry. Global music sales rose 46 per cent over the same period, from \$27.17bn to \$39.68bn.

Asia is invariably cited as one of the most promising regions in analyses of the industry's long-term prospects. A recent study in Music Business International magazine predicted that its share of the global market would increase from 21.6 per cent in 1995 to 28.9 per cent by 2000, with North America's share falling from 35.4 per cent to 27.5 per cent, and western Europe's from 33.9 per cent to 30.2 per cent.

The first-half slowdown in Asian music sales has cast a cloud over those forecasts. The only Asian markets to show significant growth in the first six months of 1996 were the Philippines, Malaysia and Indonesia. Sales slowed in Japan, and fell in real terms in Hong Kong, Singapore, South Korea and Thailand.

It is too soon to tell whether this sluggishness will herald a prolonged slowdown. One positive sign is that economic growth in the region is still robust. Another is that the expansion of local music media, with MTV relaunching its Asian service to compete

with Mr Rupert Murdoch's Channel [V], should continue to stimulate interest in music, particularly among young consumers.

Further, there are still new markets for the multinationals to exploit. PolyGram and Bertelsmann took majority stakes in Indian companies last year, when investment restrictions were eased. Warner recently invested in Indonesia, and Sony is seeking government approval to follow suit.

The most promising market, China, may also be the hardest to crack. At present, all record companies operating there are under strict government control. Mr Norman Cheng, president of PolyGram Far East, is hopeful China will eventually open up to foreign investment, but is aware that "things can take a long time to happen there".

China has also emerged as one of the largest sources of pirated recordings, which are blamed for the first-half slowdown. Mr Martin Davis, head of Sony Music Asia, blamed increasing availability of unauthorised recordings for the decline in legitimate music sales in Thailand and Hong Kong. Singapore has also seen legitimate sales fall, as piracy has risen.

The US government is taking a tough line on Asian music piracy, and European record companies have pressed the European Commission to follow suit. However, western executives are braced for a long struggle against the Asian cassette pirates. One said he feared they would be "a thorn in our sides" into the next century.

Alice Rawsthorn

## ASIA-PACIFIC NEWS DIGEST

## IHI forecasts flat results for year

Ishikawajima-Harima Heavy Industries, the Japanese aerospace, defence and engineering group, yesterday reported a slight fall in profits for the six months to September and forecast flat earnings for the full year.

IHI's recurring profit before tax and extraordinary items fell 2.1 per cent from the first six months of last year, to ¥11,066bn (\$97.5m), on almost flat turnover of ¥396,226bn. Net profits, however, rose 8.3 per cent to ¥8,566bn. It blamed the fall in recurring profits on the costs of streamlining its shipbuilding unit. A tiny sales increase was attributed to stronger demand for machinery from paper and pulp making companies. The group forecast a decline in sales of nearly 2 per cent, to ¥840bn, in the year to March, because of the slowdown in orders for nuclear reactors. It expects this to be struck on a small increase in recurring profit, to ¥25bn, and unchanged net profit of ¥15bn. The figures represent a slight upgrading of earlier forecasts, from an initial ¥22bn of recurring profit on sales of ¥830bn. The revisions are based on higher than expected profits on exports, after the year's depreciation, and increased engineering repair orders.

William Dawkins, Tokyo

## ANZ dismisses takeover talk

Australia and New Zealand Banking group (ANZ), one of the country's "big four" commercial banks, yesterday denied a local newspaper report that it was considering a merger with London-based Standard Chartered.

"Whilst we do not normally comment on rumours and speculation regarding mergers or acquisitions, the very specific nature of the article requires this definite denial," it said. ANZ stressed it was not "investigating or discussing" any merger plans with Standard Chartered. The speculation is the latest in a wave of bid rumours to hit the Australian banking sector. Under the previous Labor government, the four national banks were viewed as secure from takeover. However, the new conservative Liberal-National government has set up an inquiry into the industry. This is expected to review merger constraints when it reports next year.

Already, ANZ and Westpac - which are seen as the most vulnerable to predators - have attracted takeover talk. ANZ shares closed 4 cents higher, at A\$7.20, while Westpac rose 13 cents to A\$6.89.

Nikki Tait, Sydney

## Goodman Fielder sees upturn

Goodman Fielder, Australia's largest food group and the focus of institutional investor concerns because of its flat profits performance, has forecast an improvement. "The market will remain tough, but our success in strengthening the company thus far gives me confidence that we will improve our results in the coming year," Mr David Clarke, chairman, said. In 1995-96, Goodman made A\$100.7m (US\$79.7m) after tax but before abnormal

Nikki Tait

## Export growth buoys NSK

NSK, Japan's largest manufacturer of ball bearings, more than doubled first-half pre-tax profits, helped by an improvement in productivity and costs and strong overseas demand. The company, which is strong in ball screws for machine tools, lifted pre-tax profits by 126 per cent to ¥8,258bn (\$72.7m), while net profit rose 110 per cent to ¥4,966bn. The gains came on sales up just 3 per cent to ¥177.16bn.

NSK said domestic business fell slightly, mainly because of the downturn in demand from electric machinery makers, which have shifted a considerable amount of their manufacturing overseas. However, demand from the rest of Asia was buoyant, lifting exports 15 per cent. For the full year, the company expects a rise in pre-tax profits to ¥15bn on moderately higher sales of ¥365bn.

Michio Nakamoto, Tokyo

## Output setback at Grasim

Grasim Industries, one of India's leading industrial companies, said output fell in the six months to September, except in the cement and sponge iron divisions.

Viscose staple fibre production in the half totalled 69,652 tonnes, down 8.89 per cent, while output of rayon grade wood pulp fell 6.56 per cent to 55,511 tonnes. Canistic soda output was 8.22 per cent lower at 62,795 tonnes. Cement output, however, totalled 2m tonnes, up 44 per cent production of sponge iron output rose 63 per cent to 381,157 tonnes. Analysts expect Grasim's net profit for the six months to September to fall 10-15 per cent from Rs1.68bn (\$47.2m) a year earlier.

AFX-Asia, Bombay

## Shangri-La in Burma deal

Shangri-La Hotel, the Asian hotel and property development company, will pay \$12.1m for a 28 per cent stake in Burma's Traders Square, which has a contract with Burma's defence ministry to develop a commercial complex in Rangoon.

Ted Bardacke, Bangkok

## HK groups in fundraisings

By Louise Lucas in Hong Kong

Two Hong Kong companies involved in China property developments have unveiled details of share offerings timed to capitalise on the surge of liquidity and bullish sentiment in the Hong Kong market.

The first, Concord Land Development, is being spun off from Pacific Concord Holdings, a diversified manufacturing and telecoms company. It is looking to raise about HK\$1.1bn (US\$142.3m) through the sale of new and old shares.

China Resources Beijing Land, the China property arm of China Resources, the

mainland-backed conglomerate listed in Hong Kong, will follow a day later with a HK\$708m fundraising.

Concord Land Development is offering 300m shares at a price of between HK\$3.34 and \$3.96. Some 15 per cent of the stock will be sold through an initial public offering (IPO) which kicks off in Hong Kong today. Dealing in the shares is scheduled to start on November 7.

Net proceeds will be spent on shopping mall developments in Chinese cities. According to the company prospectus, it will have total net tangible assets of between HK\$6.7bn and HK\$6.84bn, giving a net

asset value per share of between HK\$5.58 and \$5.70.

China Resources Beijing Land is also issuing 300m shares, but in a price range of HK\$2.18 to HK\$2.36. The maximum would put the stock on a prospective price/earnings ratio of around nine times. The price will be fixed on Friday and dealing in the shares is expected to begin the following Friday.

Some 85 per cent of the shares are to be placed internationally, with the balance sold to Hong Kong investors. There is a "greenshoe" over-allocation option on the IPO, to 30 per cent of the total, with a corresponding reduction in the international placement.

J.P. Morgan wishes to thank the speakers and guests at our

### Asian Issuer-Investor Conference

held October 6th-15th in Hong Kong, Manila, Jakarta, Bangkok,

New Delhi, and Bombay and sponsored by our

Global Fixed Income Group.

#### Speakers:

Advanced Info Service Public Company Limited

Asia Pulp and Paper Co. Ltd.

Bank of Ayudhya Public Company Limited

Bank Indonesia

P.T. Bank Internasional Indonesia

P.T. Bank Negara Indonesia

China Light & Power Company, Limited

Electricity Generating Authority of Thailand

First Gas Holdings

ICICI Securities and Finance Company Limited

Industrial Credit and Investment Corporation of India Ltd.

Industrial Development Bank of India

The Industrial Finance Corporation of Thailand

The Korea Development Bank

Korea Electric Power Corporation

Krung Thai Bank Public Co., Ltd.

Mass Transit Railway Corporation

Ministry of Finance, People's Republic of China

P.T. Mulia Industrindo

P.T. Mulialand

PCI Bank

Philippine Long Distance Telephone Company

P.T. Polysindo Eka Perkasa

Reliance Industries Limited

Reserve Bank of India

San Miguel Corporation

The Siam Commercial Bank Public Company Limited

SM Prime Holdings Inc.

Steel Authority of India Ltd.

The Tata Iron and Steel Co., Ltd.

Tenaga Nasional Berhad

JPMorgan

©1996 J.P. Morgan & Co. Incorporated, J.P. Morgan Securities Inc. Member SIPC. J.P. Morgan is the marketing name for J.P. Morgan & Co. Incorporated and for its subsidiaries worldwide.

## MEDIOBANCA

SOCIETÀ PER AZIONI  
PAID UP CAPITAL LIT. 476 BILLION - RESERVES LIT. 3,355.7 BILLION  
HEAD OFFICE: VIA FILODRAMMATICI 10, MILAN, ITALY

The Bank's Annual General Meeting, held in Milan on 28th October 1996, adopted the following

### BALANCE SHEET AS AT 30TH JUNE 1996

ASSETS		LIABILITIES	
	Lit.		Lit.
CASH AND DEPOSITS WITH CENTRAL BANKS AND POST OFFICES	109,620,476	DEPOSITS FROM BANKS:	
GOVERNMENT AND QUASI-GOVERNMENT SECURITIES ELIGIBLE FOR REFINANCING AT CENTRAL BANKS	4,294,281,363,249	Repayable on demand	3,109,534,551
AMOUNTS DUE FROM BANKS:		Term deposits and deposits repayable under notice	3,072,395,587,969
Deposits repayable on demand	301,238,792,212	CUSTOMER DEPOSITS:	
Other accounts	1,646,405,582,730	Repayable on demand	4,000,856,502
LOANS AND ADVANCES TO CUSTOMERS	1,947,644,354,942	Term deposits and deposits repayable under notice	49,398,282,276
DEBT SECURITIES ISSUED BY:	19,371,621,170,205	DEBT SECURITIES IN ISSUE:	
Public agencies	130,387,067,660	Bonds	9,262,609,528,800
Banks	96,031,834,256	Certificates of deposit	12,117,722,956,780
Financial companies	18,000,000,000	OTHER LIABILITIES:	
Other lenders	29,170,747,016	ACCRUED EXPENSES AND DEFERRED INCOME:	
EQUITY INVESTMENTS	285,590,449,922	Accrued expenses	684,461,937,478
INVESTMENTS IN GROUP UNDERTAKINGS	3,370,993,885,827	Deferred income	38,053,742,778
TANGIBLE FIXED ASSETS	90,018,917,687	PROVISION FOR STAFF TERMINATION INDEMNITIES	457,498,680,255
OTHER ASSETS	203,671,194,856	PROVISION FOR TAXATION	23,237,759,509
ACCRUED INCOME AND PREPAID EXPENSES:		CREDIT RISKS PROVISION	125,851,138,367
Accrued income	685,711,679,643	GENERAL BANKING RISKS PROVISION	303,096,223,894
Prepaid expenses	62,772,082,392	SHARE CAPITAL	600,680,000,000
of which: Dividends on hand issued Lit. 3,000,940,000		SHARE PREMIUMS	476,000,000,000
	688,483,772,035	LEGAL RESERVE	1,590,000,000,000
	30,262,668,050,206	STATUTORY RESERVES	93,200,000,000
		REVALUATION RESERVES	1,682,300,000,000
		RETAINED EARNINGS	14,899,282,000
		PROFIT FOR THE YEAR	82,899,769
			120,284,106,968
			30,262,668,050,206

It was resolved:

1. to allocate Lit. 23.5 billion to the Statutory Reserves;

2. to pay a dividend of 20%, i.e., Lit. 200 per share on all the Bank's 476 million shares currently in issue representing its share capital of Lit. 476 billion.

The gross dividend of Lit. 200 per share will be payable as from 18th November 1996 upon surrender of Coupon No. 15 of the Company's Office Via Filodrammatici 10, Milan, and at Branches in Italy of Banca Commerciale Italiana, Banca di Roma, Credito Italiano, and also at Branches in other respect of shares administered by it, under current legal regulations.

THI forecasts  
results for year

ANZ dismisses

Export

One year

# invented telephone.

(ALSO transistor, laser, Telstar satellite, fibre-optic cable, cellular).

Have won awards. (Nobel etc.)

Specialise in making things that make communications work.

Will do same for you.

Contact Lucent Technologies (the former network systems, business communications systems and microelectronics divisions of AT&T, plus Bell Labs).

Call our European Response Centre on +44 1734 324 255. Or explore Lucent Technologies on the World Wide Web at <http://www.lucent.com>

**Lucent Technologies**  
Bell Labs  
Europe, Middle East & Africa  
<http://www.lucent.com>  
Tel: +44 1734 324 255

We make the things that make communications work.™

COMPANIES AND FINANCE: UK

# TI faces Forsheda opposition

By Tim Burt

Disgruntled investors in Forsheda, the Swedish polymer engineering company, said yesterday that owners of nearly 30 per cent of the company were opposed to the proposed £189m (\$285m) takeover by the UK's TI Group.

Henderson Investors, which controls 12.8 per cent of Forsheda's quoted B shares, said four other institutional investors were planning to reject TI's cash offer of SKr225 (\$34) a share.

TI, which is also offering SKr247.5 a share for the unlisted A shares, indicated that its advisers were pre-

pared to meet Henderson to try to resolve the dispute, although it reiterated the offer was "full and fair".

The company has already secured irrevocable undertakings to accept the bid from Agora Group, Forsheda's family-owned holding company, which accounts for 63.6 per cent of the A shares and 20.6 per cent of the issued share capital.

However, Mr Andrew McNally, a fund manager at Henderson, said dissident investors could prevent TI from achieving the 90 per cent backing it needed to force minority investors to sell their shares and to consolidate Forsheda's cash

flow in its own accounts.

"We have been contacted by a number of overseas investors who, like us, feel that TI's bid does not fully reflect the value of the group," he added.

Henderson and other investors are expected to seek talks with Forsheda and SBC Warburg, TI's advisers, to discuss the possibility of an increased bid before the offer period expires next week.

Opposition to the Forsheda deal is expected to be discussed today at TI's annual strategy meeting, at which the board and senior operating managers are considering the company's develop-

ment programme for the next three years.

Directors attending the two-day meeting will hear that TI is considering bolt-on acquisitions in each of its three divisions - Bundy, John Crane and Dowty.

Particular emphasis is expected on deals to enhance TI's presence in refrigeration tubing and in polymer engineering. Forsheda would more than double the size of TI's polymer business.

The UK group emphasised that its offer for the listed shares represented a 39 per cent premium to the share price at the end of last month. The B shares yesterday fell SKr0.5 to SKr223.5.

## LEX COMMENT Kenwood

Kenwood Appliances looks a classic target for shareholder activism. So its management should not be shocked at the attentions of rebel investors who want to see the business sold off to all comers. Kenwood has underperformed the stock market by over 50 per cent since its 1992 flotation. And its management has failed to tackle the problems of being a relatively small company in a highly competitive, low technology business. It manufactures too many products for too many countries. The result has been poor control of costs and working capital. Nonetheless, putting Kenwood on the auction block looks unlikely to achieve optimum results.

Kenwood's problems are hardly new, so likely buyers would have been alerted many months ago. Moreover, Kenwood is undergoing management changes. Mr David Nash, who narrowly missed the chief executive job at Grand Metropolitan, has come on board as chairman and is unlikely to allow the performance to continue drifting. Kenwood is already undergoing a much-needed review of its production framework - previously run like separate fiefdoms in the UK, Italy and China - and there should be plenty of scope for cutting costs. Given Kenwood's lowly prospective P/E ratio of 9, a sensible rationalisation programme should generate substantial returns.

The new management team may be unable to deliver, but it is credible enough to deserve a chance. And at least the rebel yells will encourage some urgency.



## Kept's holders opt for cash

By Tim Gordon

Kleinwort European Privatisation Investment Trust, the £500m (\$806m) fund, announced yesterday that the majority of shareholders had opted to receive their capital in cash as they voted almost unanimously for its liquidation.

Mr Shane Ross, chairman said: "We think we have really got the last penny for shareholders." It is estimated that about 78 per cent of the shares are being exchanged for cash.

The majority remaining have opted for the Kleinwort Benson European Privatisation Trust (Kbept), which will receive some

£70m in assets; and about £20m will go to the M&G European & General fund. These figures have to be finalised.

The 77,000 shareholders registered a preference by last Saturday.

A senior Kept source said: "This was not the result that the managers wanted at all. They wanted to unitise the entire trust."

Shareholders will receive cash on about November 25, while the company's liquidation will take about a year.

Kept will trade on a similar, but slightly broader remit, than Kept, investing in European companies privatised in the past 10 years, compared to Kept's five.

## UniChem makes cost cuts pledge

By Christopher Price

UniChem said yesterday it was confident of beating the "conservative" synergy savings of £20m (\$31m) a year should its £641m bid for Lloyds Chemists, the high street retailer, be successful.

The pledge, in a letter to shareholders, comes 10 days after the company relaunched its campaign to take over Lloyds following clearance from the government for its bid and that of its rival, Gehe of Germany. Gehe has until November 8 to respond.

Mr Geoffrey Cooper, UniChem finance director, defended the decision not to advise shareholders of the

likely dilution to group earnings if the company wins the battle for Lloyds.

"This bid is about the long-term value to UniChem shareholders, not about what happens just in year one." Shareholders were told the cost savings would "result in materially enhanced earnings per share after the first year".

Gehe refused to comment yesterday, but analysts said the German group had everything to gain from delaying its bid in the hope that UniChem's cash and share offer would be further undermined by a fall in its share price. At yesterday's closing price of 250 1/2p, the offer was worth £841.5m.

## Kenwood waits on EGM call

By Justin Marozzi

Kenwood Appliances yesterday said it had not yet heard directly from UK Active Value Fund about its call for an extraordinary meeting.

On Sunday, UAVF, jointly headed by the South African entrepreneurs Mr Julian Tregger and Mr Brian Myerson, issued a release calling for the Kenwood board to put the group up for sale. UAVF owns 9 per cent of the household goods manufacturer.

Kenwood said it had only learnt of the move through the Sunday newspapers. It said it would not make any further comment until it was approached directly.

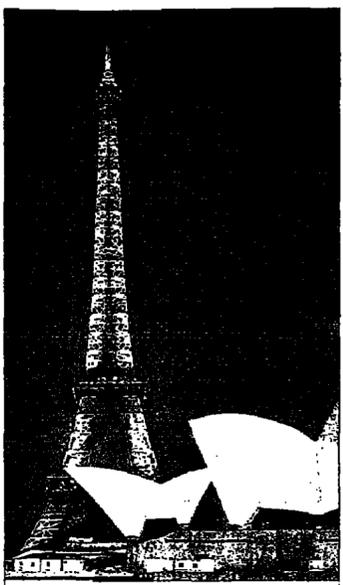
UAVF said Kenwood "lacks highly rated management with marketing flair, has inefficient production systems, faces high distribution and administrative costs and has a worsening balance sheet". The fund has a reputation for tough handling of poor performers, including the property developer Greycourt, where it recently forced an extraordinary meeting.

Kenwood shares tumbled below 200p this summer, after peaking at more than 380p at the beginning of 1994. Yesterday, they closed up 8 1/2p to 250 1/2p.

Analysts expect institutional shareholders will give the new management time.

### RESULTS

Company	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends	Total for year	Total for year
Canary Ltd	6 mths to June 30	13.3 (12.7)	1.63 (2.39)	0.13 (0.07)	nil	nil	nil	nil
Greenplan TV	6 mths to Aug 31	11.8 (12.7)	8.15 (2.92)	1.8 (0.9)	2	Dec 16	1.25	4.4
Invesco	6 mths to Sept 30	173.2 (139.8)	48.5 (37.54)	13.7 (11.4)	0.8	Dec 6	0.33	5.75
Old English Pub	6 mths to Sept 30	6.77 (3.05)	0.811 (0.273)	3.73 (1.64)	0.8	Dec 6	0.33	1
Phytopharm	Yr to Aug 31	0.934 (1.11)	0.555 (0.189)	2.54 (1.1)	0.2	Mar 7	0.9	0.9
Roxspan	Yr to June 30	37.4 (17.4)	0.172 (0.294)	0.02 (0.29)	0.53	Mar 7	0.9	0.9
Safeland	6 mths to Sept 30	18.49 (15.43)	1.3 (1.03)	3.29 (2.7)	0.2	Jan 8	0.15	0.3
UK Estates	Yr to June 30	5.07 (4.37)	0.382 (0.61)	0.47	0.2	Jan 8	0.15	0.25



From romantic Paris to diverse Sydney, Yang Ming Line supplies every possible service to bring the whole world closer together.

Your trust is our honour.

"Punctual, Speedy, Reliable, and Economical" is our quality commitment.

# Yes, We can.

The Yang Ming Line shipping company awarded both the ISO-9002/1SM CODE accreditation and the National Outstanding Quality Case.

**YANG MING LINE**  
陽明海運股份有限公司

44th FL, No. 33 Hsin Yang St., Taipei, Taiwan, R.O.C. Tel: (886) 2 2311 1291 Telex: 1172  
YANGMING Fax: (886) 2 2311 4828 Kaohsiung Tel: (886) 7 2420049 Kowloon Tel: (852) 2301 0001  
Internet web address: http://www.yml.com.tw E-mail address: cny@yml.com.tw

Yang Ming Line's agents are always available at your service in major countries throughout the world.

YML's container General Agents: (Tel No.)  
America (New York) 201-222-8999  
Europe (London) 40-200-990 Australia (Sydney) 2-4291-411

**Register Now for the Early Bird Discount**

## The 13th Annual Risk Management Conference

An End User's Forum

January 29 to February 1, 1997  
Loews Ventana Canyon Resort  
Tucson, Arizona

**REGISTER NOW!**

If you are interested in learning the latest in risk management techniques or fixed-income/equity derivative portfolio applications, this is a conference you should attend! To receive your invitation or to acquire more information, call 1-800-OPTIONS. Call now, space is limited!

**CBOT**  
**CBOE**  
**LIFFE**  
**CME**

# RANDGOLD

SUMMARY OF GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 SEPTEMBER 1996

**BLYOORUITZICHT GOLD MINING COMPANY LIMITED**  
(Reg. No. 3922743-20) (Nassau No. 81007)

Quarter	Quarter
30/9/96	30/6/96

**FINANCIAL RESULTS (R000)**

Cash operating profit: 9 070 8 443  
Cash profit after taxation: 11 404 9 691

**DEVELOPMENT RESULTS**

Adm. costs	Sampled	Closed	Open	Cost
77.9	64	25	145.7	3 669
Main Reef	82.0	58	22	22.9
The Western Deep Levels Tributes, and extension, has been purchased for R25.5 million.				

**EAST RAND PROPRIETARY MINES LIMITED**  
(Reg. No. 81 3217-53) (Nassau No. 81007)

Quarter	Quarter
30/9/96	30/6/96

**FINANCIAL RESULTS (R000)**

Working profit: 9 254 9 174  
Cash profit after taxation: 15 023 14 662

**DEVELOPMENT RESULTS**

Adm. costs	Sampled	Closed	Open	Cost
2 079	31.8	40	34.0	1 395

Included in sundry revenue is an amount of R2.7 million representing a first insurance settlement.

**DURBAN ROODEPOORT DEEP LIMITED**  
(Reg. No. 21 92285-0) (Nassau No. 81007)

Quarter	Quarter
30/9/96	30/6/96

**FINANCIAL RESULTS (R000)**

Cash operating profit: 4 383 6 522  
Cash profit after taxation: 8 429 8 168

**DEVELOPMENT RESULTS**

Adm. costs	Sampled	Closed	Open	Cost
245.5	279.0	64	5.4	346
Main Reef	164.4	169.5	127	5.3
Kimberley Reef	736.4	622.5	123	3.9
Blind Reef	102.1	53.0	104	7.9

The continued underground build-up resulted in an increased coverage of 5.6% being processed.

**HARMONY GOLD MINING COMPANY LIMITED**  
(Reg. No. 81 3217-53) (Nassau No. 81007)

Quarter	Quarter
30/9/96	30/6/96

**FINANCIAL RESULTS (R000)**

Cash operating profit: 38 328 25 298  
Cash profit after taxation: 20 349 18 681

**DEVELOPMENT RESULTS**

Adm. costs	Sampled	Closed	Open	Cost
892.5	819	86	11.8	1,014
Main Reef	2 514.9	2 329	148	37
"A" Reef	422.4	428	173	3.8

Underground volumes increased by 2% on the previous quarter, and further improvements are expected.

**THE GROOTVLEI PROPRIETARY MINES LIMITED**  
(Reg. No. 5112282-20) (Nassau No. 81007)

Quarter	Quarter
30/9/96	30/6/96

**FINANCIAL RESULTS (R000)**

Cash operating (loss)/profit: (3 781) 3 913  
Cash (loss)/profit after taxation: (4 086) 4 792

**DEVELOPMENT RESULTS**

Adm. costs	Sampled	Closed	Open	Cost
153.6	160.5	66	21.3	1 835
Kimberley Reef	705.3	650.5	16	21.5

Gold production decreased by 91 kg as a result of inconsistent grade recoveries.

**BUFFELSPONTEIN GOLD MINES LIMITED**  
(Reg. No. 25 1027-53) (Nassau No. 81007)

Quarter	Quarter
30/9/96	30/6/96

**FINANCIAL RESULTS (R000)**

Cash operating profit: 24 281 13 537  
Cash profit after taxation: 24 635 15 254

**DEVELOPMENT RESULTS**

Adm. costs	Sampled	Closed	Open	Cost
101	60	76	27	1 622

Targets were achieved and the opening-up programme has been accelerated to improve available ore reserves.

**NOTES**

1. All figures are in Rand unless otherwise stated.

2. All figures are in Rand unless otherwise stated.

3. All figures are in Rand unless otherwise stated.

4. All figures are in Rand unless otherwise stated.

5. All figures are in Rand unless otherwise stated.

**STILPONTAIN GOLD MINING COMPANY LIMITED**  
(Reg. No. 25 1027-53) (Nassau No. 81007)

Quarter	Quarter
30/9/96	30/6/96

**FINANCIAL RESULTS (R000)**

Working profit: 137 1 574  
(Loss)/profit after taxation: (611) 1 288

COMPANIES AND FINANCE: UK

Biotechnology 'angels' fund is launched

By Daniel Green

Britain's first biotechnology "business angels" fund is being launched today. Backed by Mr Chris Evans, the biotechnology entrepreneur behind three companies already quoted on the stock market, the fund aims to put up to \$50m (£78m) into university and hospital science. The fund intends to plug a gap in UK venture capital, highlighted yesterday in a Bank of England report, which leaves technology start-up companies starved of cash. Conventional venture capital usually invests in lower risk management buy-outs. The few specialist biotechnology funds in the UK invest mostly in the US and tend to avoid scientists who have not already written a business plan. The "angels" fund has two components. Merlin Ventures, majority owned by Mr Evans, will identify interesting science projects in UK universities, and the Merlin Fund will invest City of Lon-

don money in companies started by Merlin Ventures. Merlin Ventures aims to create viable companies by bringing together potential new medicines and technologies from different universities and hospitals. It will invest an average of about £250,000 in each start-up. The money will come from Mr Evans and his associates who will also help write the business plans, form the management structures and set the commercial strategies. They will also try to bring together science and scientists to create companies which have "portfolios" of new products under development. This is designed to spread risk and is the normal structure for biotechnology and pharmaceuticals companies. In the US, home to most of the world's biotechnology companies, wealthy individual "business angels" are an established source of funds for high technology start-up companies.

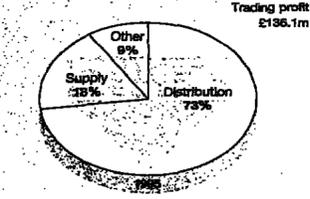
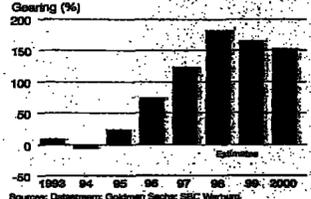
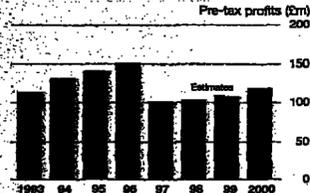
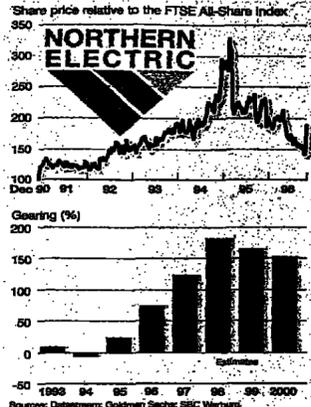
The spark that lights up world interest

Simon Holberton looks at the global focus on the UK's electricity independents

Yesterday's \$766m (\$1.2bn) bid for Northern Electric, the north-east of England electricity company, may herald the beginning of another wave of takeovers in the UK electricity sector. Northern is one of five of the original 12 regional electricity companies in England and Wales that remain independent. "The Northern bid is the opening shot in a renewed wave of corporate activity," said Mr Michael Cohen, utilities analyst at Salomon Brothers. Three regional electricity companies - Seaboard, South Western and Midlands - have already fallen to US bidders. Mr Cohen said he expected more to follow. "US companies are looking at the UK as the most advanced privatised utilities market in the world. Northern is a foothold in the UK as well as Europe." CE Electric UK, the bidder for Northern, is a partnership between CalEnergy, a US independent generator, and its largest shareholder Peter Kiewit Sons, a US construction group. CalEnergy owns 70 per cent of CE Electric. Mr David L Sokol, CalEnergy's chairman and chief executive, said that while financial considerations were important the bid for

Northern was about "strategy". "There is an acceleration in deregulation around the world. There are enormous opportunities in supply and distribution." He also sees opportunities to use Northern's supply expertise in the US market, itself in the throes of deregulation. Mr David Morris, chairman of Northern, said yesterday it was nice to hear that CalEnergy valued his company's expertise so highly. "I have no doubt that they are reputable people and serious players." However, he said the bottom line was value. "The value CalEnergy has in mind is slightly different from where they started. It's difficult to see a basis for talking." He suggests that when the two had talks last week CalEnergy mentioned a figure of about 700p, not the 630p now being offered. Mr Sokol countered that CalEnergy did not make a formal offer and that 630p "fully valued" Northern. While the share price jumped from 530p to 648p, some utilities analysts thought 630p was fair. Merrill Lynch said the offer, adjusted for Northern's capital restructuring in the wake of Trafalgar House's abortive

Current situation



£11 a share bid, valued each Northern share at £11.06. Northern has returned nearly £540m to shareholders since it fought off Trafalgar in 1995. It has done this through a 100p special dividend, a preference share issue, the distribution of

shares in National Grid and a 63p special dividend from the proceeds of the Grid demerger. The final tranche of its shareholder value package will come in January when it pays a special dividend of 56p. SBC Warburg has looked

average of 6.8. At 630p CalEnergy's bid came in at 6.8 years. "The price is fair," said Mr Nick Pink, the bank's utilities analyst. However, other analysts say that if CalEnergy wants a trouble-free acquisition it will have to pay a little more. As part of Northern's defence, Mr Morris said its interim results, brought forward, would show it was doing better than many assumed. Analysts had been too conservative in their forecasts of gearing, he said, indicating it would be lower than the 125-130 per cent assumed by the market. Mr Morris agreed that the company could not embark upon another "return of value" exercise. "There isn't going to be an enormous cash handback to shareholders," he said. "But there are other things such as what management is doing to maximise shareholder value through policy and action." The bid will be considered by the government and by Professor Stephen Littlechild, the industry regulator. Most observers believe it will be waved through, although Mr Pink dissented because "Littlechild needs stock market comparators".

Middlesex casts investor net wider

By Jane Martinson

Middlesex Holdings, the diversified company which specialises in commodities in the former Soviet Union, joined the main market yesterday as part of a push to attract more institutional investors for the next stage of development. The three-year-old company's activities include a financial services division as well as ventures in the steel, oil, coal and gold industries. Lord David Owen, who became chairman a year ago, said the company had succeeded in Russia because of the strength of its personal relationships.

Mr Masoud Alkhami, chief executive and Middlesex's largest shareholder with a 12 per cent stake, had been working in the area for three years prior to the formation of the company, which was named after an English county cricket club. Lord Owen said it was "extraordinary opportunities" in Russia which had attracted him to Middlesex. The company sometimes operates via pre-financed deals to facilitate the export of the overcapacity in Russia's large manufacturing industries. The shares were unchanged at 64p, valuing the company at £40.4m.

The COOPERATIVE BANK
£75,000,000
Subordinated Floating Rate Notes 2000
Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from 28th October, 1996 to 28th January, 1997 the following information will apply.
1. Rate of Interest 6.1875% per annum
2. Interest Amount payable on Interest
Payment Date: £777.93 Per £5,000 nominal or £778.31 Per £50,000 nominal
3. Interest Payment Date: 28th January, 1997
The Co-operative Bank plc
(Incorporated in England under the Companies Act 1948 to 1980)
Agent Bank: Bank of America International Limited

UNION CAL LIMITED
NOW IS THE TIME TO CHANGE TO A BRITISH BROKER DEALING IN FUTURES AND EQUITY OPTIONS AND MARGINED FOREIGN EXCHANGE
UNION CAL LIMITED
SERVICING YOUR NEEDS 24 HOURS A DAY OUT OF LONDON
CONTACT PETERS WHITAKER, DEALING DIRECTOR, UNION CAL LIMITED, 162 QUEEN VICTORIA STREET, LONDON EC4N 4DS
TEL: 0171 329 3095 FAX: 0171 329 0246
INTERNET: http://www.unioncal.com/uk/
PLEASE SEND ME INFORMATION ON THE SERVICES YOU PROVIDE
Name:
Address:
Postcode:
Tel:
Fax:
SFA REGULATED

NEW IS
Regulatory news service
Trade Section link
Portfolio management
www.linnco.co.uk
REAL-TIME STOCKS, CURRENCIES, BONDS, DERIVATIVES, NEWS
Tel: +44 (0) 171 425 4541
TENFORE™

The FT GUIDE TO WORLD CURRENCIES, published in Monday's newspaper and covering over 200 currencies, is now available by dialling the following number from UK landline or handset of your mobile: 0991 437 901. Calls are charged at 39p/mina plus VAT and 49p/min at all other times. For service outside the UK please telephone +44 171 873 4573 for details on Cityline International.

If you would like to advertise, or require any further information, please contact:
Jeremy Nelson
Tel: 0171-873-3447 Fax: 0171-873-3062

Your 'one stop' Brokerage connection to the world's Futures, Options & Forex markets
Linnco
Linnco Europe Ltd - Regulated by the SFA
125 Finsbury Pavement, London EC2A 1LE
+44 (0) 171 382 9429



ISSUERS

INVESTORS

To bring together those who have money to invest with those who seek to raise it is a fundamental of international investment banking. To do so in primary and secondary markets with skill and strength, in a way and at a price that leaves both sides well satisfied, is a fundamental of BZW.

INTERNATIONAL CAPITAL MARKETS

Brazil seeks \$750m in first global issue

INTERNATIONAL BONDS By Samar Iskandar

Falling European government bond markets yesterday failed to stem the flow of new eurobond issues, as borrowers inundated the primary market with new paper.

Brazil returned to the dollar sector for the first time since 1982, launching its first global issue - \$750m of five-year notes.

Mr Franco said that with nearly \$600m in foreign reserves covering a whole year of imports - the country did not need the money. "The transaction will mainly serve the private sector," he said.

give corporate borrowers access to cheaper international financing. J.P. Morgan, joint lead manager with SBC Warburg, said the pricing had been set in the middle of the announced range of 255 basis points to 275 basis points over US Treasuries.

SBC Warburg said the pricing had "more to do with Brazilian economic fundamentals than a rating perspective". It also pointed out that the strong Asian demand, about 40 per cent of the amount, consisted mainly of "first-time buyers of Brazilian exposure".

Mr Franco also said the ratings of B1 and B+ by Moody's and S&P were "perhaps lagging behind the economic situation", but predicted this situation "should correct itself over time". Deutsche Pfandbrief, the German bank, launched two issues, the larger of which consisted of profit-sharing certificates maturing in 2012.

This structure allows the funds to qualify as tier-two capital, raising DePa's capital ratio more than 2 percentage points to 14 per cent, the tier-one capital stands at 7 per cent.

New international bond issues

Table with columns: Borrower, Amount, Coupon, Price, Maturity, Yield, Spread, Book-runner. Lists various international bond issues from US Dollars, D-Mark, Australian Dollars, New Zealand Dollars, and Sterling.

First terms, non-callable unless stated. Yield spread (lower relevant government bond) at launch (higher yield) at issue. Floating-rate notes: 6-month annual coupon. R: fixed rate offered prior to issue shown at re-offer level. 3-month Libor +150bp. Non-cumulative perpetual floating rate securities. b) Added to DMS200. Plus 250 days accrued interest. c) 100% of 1996. d) 100% of 1996. e) 100% of 1996. f) 100% of 1996. g) 100% of 1996. h) 100% of 1996. i) 100% of 1996.

the paper on its books for several days, until the whole amount has filtered through to final investors. Elsewhere, the lira sector was still supported by Emu-related bullishness. The World Bank and Credit

Local de France both increased existing issues, while the latter was very active, with Japan Highway and Hitachi Credit tapping the dollar sector, while Nippon Telephone & Telegraph returned to sterling after five years.

recently-launched issues. Japanese borrowers were very active, with Japan Highway and Hitachi Credit tapping the dollar sector, while Nippon Telephone & Telegraph returned to sterling after five years.

Europeans underperform as prices drift lower

GOVERNMENT BONDS By Richard Lapper, Capital Markets Editor

Government bond prices yesterday drifted lower, with high-yielding European bonds underperforming. As the market continued to digest the implications of last week's comments by Bundesbank officials that further interest rate cuts are unlikely, a mild sell-off in the shorter-dated paper led to some flattening of the German yield curve.

In the London futures market the Italian BTP pits were the focus of attention

with heavy selling of the December contract in afternoon trading. Dealers said spread plays by US institutions designed to test the 500 basis point range between BTPs and bunds had "run out of steam" and that there had been some selling in the afternoon.

Having reached an intra-day high of 124.35, the December contract lost nearly a point in the afternoon before settling at 123.25, down 0.83. The 10-year yield spread ended the day at 227 basis points, 4 basis points wider. Mr Martin Whitaker, broker with Credit Lyonnais Rouse, said US houses had been "aggressive sellers".

Mr Alex Cooper, manager with Tullet and Tokyo, said news-wire reports had revived concerns about Italy's chances of meeting budget deficit targets and encouraged investors to lighten their positions. Some investors were reported to be favouring switches from Italian into Spanish bonds.

German bonds closed lower with Liffe's December bund contract down 0.28 at 99.41. The December euro mark future settled at 99.81, down 0.03, while contracts for back months were harder hit. In the cash market 3-year paper rose 6 per cent for long periods, he said.

UK, French and Spanish bonds also drifted lower in the afternoon. On Liffe the December long gilt settled at 109.2, down 0.2. At Matif, the December notional contract settled at 126.28, down 0.20.

US Treasury prices were lower in early trading yesterday despite gains in the dollar against the yen. Near midday, the benchmark 30-year Treasury was off 1/8 at 98 1/2 to yield 6.825 per cent, while the two-year note lost 1/8 at 99 1/2, yielding 5.909 per cent. The December 30-year Treasury slipped 1/8 to 110 1/2.

A rising dollar failed to help bonds hold on to gains made overnight in Asian and European trading. Early yesterday morning the dollar rose to a 42-week high against the yen at Y114.43 before slipping back to Y114.20 by early afternoon.

The dollar slipped against the D-Mark, trading at DML5176 compared with DML5207 late on Friday. Otherwise, attention was focused on data due this week that could move bonds out of the narrow range in which they have traded since the start of this month.

Since the merger, the bank has shifted its focus away from speculative proprietary trading toward a greater emphasis on customer business. The associated costs are thought to have contributed to the bank's losses.

"SBC Warburg has initiated a number of changes within the Gemm business since the merger with S.G. Warburg," the bank said. "We are strengthening our already significant market share, which involves one-off costs such as applying leading-edge risk management technology. Our re-engineering of this business will result in improved returns."

Gemms show big variations in profitability

By Conner Middelmann

The performances of some gilt-edged market makers - the official dealers in UK government debt - strengthened in 1996, against the previous year, their latest profit-and-loss accounts show.

The Gemms posted heavy losses in 1994, and the latest figures show their profitability as highly variable. Results ranged from a pre-tax profit of £28.9m to a loss of £9.9m.

Not all 18 Gemms have filed their annual profit-and-loss accounts with Companies House, but so far only seven Gemms appear to have made a profit in 1996, despite the marked improvement in underlying market conditions.

SBC Warburg put in the worst performance, posting a loss of £9.9m to follow its £6.9m deficit of 1994. Observers put its weak performance down to staff departures and uncertainty surrounding Swiss Bank Corporation's merger with S.G. Warburg last July.

Since the merger, the bank has shifted its focus away from speculative proprietary trading toward a greater emphasis on customer business. The associated costs are thought to have contributed to the bank's losses.

shareholders and a higher degree of customer service. At the other end of the spectrum, Salomon Brothers generated a pre-tax profit of £28.9m, after making £5.6m in 1994 when it ranked second in the profitability league tables.

It is followed by BZW, which posted a pre-tax profit of £21.9m for 1996. This represents a sharp recovery from 1994, when it lost £19.2m, largely as a result of its exposure to sterling bonds issued by Confederation Life, the Canadian insurer which collapsed in August 1994.

Merrill Lynch ranks third for 1996, with pre-tax profits of £6.4m, after a loss of £2.9m in the previous year. It is followed by HSBC Greenwell with a profit of £5.9m, to follow a loss of £671m in 1994.

Dealers stress that these numbers are difficult to compare. Different Gemms include different types of sterling business in their accounts - for instance, exchange-traded or proprietary trading bonds or proprietary trading year-ends - most are in November or March.

In addition, while some houses include the operating costs of their operations in their profit-and-loss accounts, others do not. The current year is not expected to be much more profitable for gilt traders as gilt trading has been choppy for much of the year. However, the introduction in January of a market in gilt repos is thought to have increased international investor participation, which could raise revenues at some banks, especially the more global operators.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Coupon, Red, Date, Price, Day's change, Yield, Week ago, Month ago. Lists benchmark government bonds for Australia, Belgium, Canada, Denmark, Germany, France, Ireland, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, and US Treasury.

BUND FUTURES OPTIONS (LFFE) DM250,000 points of 100%

Table with columns: Strike, Price, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Lists Bund futures options data.

ITALY

Table with columns: Strike, Price, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Lists Italian government bond futures options data.

SPANISH

Table with columns: Strike, Price, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Lists Spanish government bond futures options data.

FTSE Actuaries Govt. Securities

Table with columns: Price Index, UK Gilts, Mon, Tue, Wed, Thu, Fri, Sat, Sun. Lists FTSE Actuaries Govt. Securities data.

UK Indices

Table with columns: Index, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists UK Indices data.

US INTEREST RATES

Table with columns: Instrument, Rate, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists US Interest Rates data.

BOND FUTURES AND OPTIONS

Table with columns: Strike, Price, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Lists Bond Futures and Options data.

FRANCE

Table with columns: Strike, Price, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Lists French government bond futures data.

GERMANY

Table with columns: Strike, Price, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Lists German government bond futures data.

FT Fixed Interest Indices

Table with columns: Index, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists FT Fixed Interest Indices data.

Gilt Edged Activity Indices

Table with columns: Index, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists Gilt Edged Activity Indices data.

UK Gilts Prices

Table with columns: Maturity, Yield, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists UK Gilts Prices data.

Other Fixed Interest

Table with columns: Instrument, Yield, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists Other Fixed Interest data.

DEUTSCHE MARK STRAIGHTS

Table with columns: Instrument, Yield, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists Deutsche Mark Straights data.

CONVERTIBLE BONDS

Table with columns: Instrument, Yield, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists Convertible Bonds data.

Other Fixed Interest

Table with columns: Instrument, Yield, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists Other Fixed Interest data.

Other Fixed Interest

Table with columns: Instrument, Yield, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists Other Fixed Interest data.

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Issued, Bid, Offer, Chg, Yield, Maturity, Price, Yield, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists FT/ISMA International Bond Service data.

Other Fixed Interest

Table with columns: Instrument, Yield, 28 Oct 96, 29 Oct 96, 30 Oct 96, 31 Oct 96, 1 Nov 96. Lists Other Fixed Interest data.

# THE NETHERLANDS

## European business hub

The stock of foreign capital employed in Dutch business represents more than a quarter of the country's gross domestic product, compared with a European Union average of about half that, writes Gordon Cramb

**F**okker, the Dutch aerospace company, has been grounded virtually all year and Philips, Europe's biggest maker of electronics goods, is suffering a profits short-circuit. Yet, while these two corporate agonies have together cost several thousand Dutch jobs, many more are being created - at a rate not seen since the 1960s - as the Netherlands experiences a consumer-led mini-boom and multinationals position themselves for European monetary union.

The guilders look certain to join the single currency group, if the project proceeds on schedule in little more than two years. This expectation was reinforced last month by The Hague's budget for 1997, the year on which Emu eligibility will be assessed.

Government debt levels remain out of line but are coming down, with a public borrowing requirement 4.5 per cent lower next year at Fl 33.5bn. Mr Gerrit Zalm, finance minister, was at the same time able to cut corporate taxation by about Fl 1bn and seek to regain specialist deal-making business recently lost to locations such as Belgium and Ireland.

Multinationals are being offered an effective tax rate of just 7 per cent on profits derived from, say, an acquisition paid for through a Dutch holding company.

The Netherlands has long attracted relatively large amounts of inward direct investment. Indeed, the stock of foreign capital employed in Dutch business represents more than a quarter of the country's gross domestic product, compared with a European Union average of about half that.

About half the total now resides in the services sector. Apart from traditional tertiary businesses such as the shipping lines which operate from Rotterdam - still the world's largest port - numerous US software houses now use the country as a base for call centres which provide customer support for users around Europe.

The country, nevertheless, experiences a large net capital outflow each year, about half of which stems from direct investment by its own internationally-minded corporate sector in search of opportunities beyond a home market of just 15.5m people. At the same time, that home market is both spending more, and being better served. Job creation, at 110,000 posts of at least 12 hours a week, this year, is improving real disposable incomes in Dutch households, even though wage rises trail behind an already modest inflation rate of barely 2 per cent.

Deregulation has this year removed most restrictions on shop opening hours, while telecommunications will be telecommunication full competition from mid-1997. A more rigorous government approach to competition policy aims to lower entry bar-

riers to the professions and purge price fixing agreements.

Research by the Central Planning Bureau, a state-funded forecasting unit, finds the Dutch market characterised by "a lack of financing opportunities for potential market entrants, aggressive pricing to discourage new players by companies that have incurred high fixed costs in the past, and tacit agreements among producers at the consumer's expense". This is now supposed to change.

One motive force is the presence in the three-party ruling coalition, since 1994, of the free market VVD. It has campaigned for competition and propelled a reform of the country's generous social security provisions. "We have reached a new consensus," declares Mr Frits Bolkestein, VVD parliamentary leader. "The old one was Keynesian, where the government has to solve all problems. The new one is supply-oriented, with a market approach and financial stimuli."

Mr Bolkestein is a controversial figure in Dutch politics, the nearest thing the mainstream gets to a Euro-sceptic. In the past month, the controversy surrounding him has focused on a different issue.

It emerged that as a non-executive director of the local subsidiary of Merck, the US pharmaceutical company, he lobbied Mrs Els Borst, health minister, on licences and health service prices for its drugs.

Amid accusations that this amounted to an improper use of his parliamentary position, the affair has brought to the surface tensions in the coalition which also includes the social democratic PvdA of Mr Wim Kok, prime minister, and the reformist D66.

"If I had spoken in favour of a failing company like Fokker I would have been applauded," Mr Bolkestein notes acidly.

As talks ground on last week between the receivers of the aircraft maker and South Korea's Samsung,

they were overshadowed by a new round of job losses at the Philips electronics group, flagship of Dutch industry. While Fokker needed an outright buyer, Philips in recent months began to acknowledge that in various sectors it had to find partners operating in lower cost countries in order to stay competitive.

Fokker collapsed when Daimler-Benz of Germany, its majority owner, halted cash support. Philips is meanwhile running down Grundig, its loss-making German subsidiary. The two were among the largest cross-border industrial investments in each direction - between neighbours never entirely reconciled since the Netherlands was liberated from Nazi occupation.

While Germany takes a quarter of all Dutch exports, the German share of total inward direct investment in the Netherlands is just some 9 per cent, and Dutch outward commitments accord Germany only a similar proportion.

The question gains poignance because of European unification. In an opinion poll this June commissioned by the University of Amsterdam and the NRC Handelsblad, the main afternoon daily, nearly two-thirds of respondents identified Germany as the country on which the Netherlands was most dependent. An equally large number wanted to retain a Dutch veto on EU decision-making, almost 60 per cent feared that integration would dilute social security, and fewer than half declared themselves supporters of a single currency.

Emu is likely to have costs as well as benefits for the Netherlands. The financial services sector, though enthusiastic, is vulnerable to a seepage of custom. Its internationally oriented industrial and commercial clients will be amenable to services offered by financial institutions based elsewhere in the euro zone, while Dutch banks and insurers may have to struggle harder to break national loyalties in other probable participant states such as Germany and France.

"I think that's true," says Mrs Saskia van Opijnen, company secretary of Fortis, the insurance and banking combine with twin headquarters in Brussels and Utrecht. She adds that "for Fortis, one can also argue that because it is not only Dutch, the freedom of services might be a great opportunity".

Mr Aad Jacobs, chairman of ING, the Dutch financial services group, insists: "Foreign companies will have a tough time in penetrating the Dutch market - because it is so open and very competitive." But he warns that "all companies have to lower their cost base."

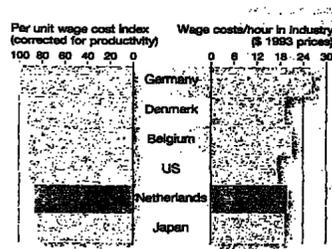
The Dutch government is used to the responsibilities as well as the benefits of EU membership, but will have to work harder to explain these now that the country is a net contributor to Brussels coffers.

Premier Kok is today due to open Schiphol's World Trade Centre, an office complex at the state-run airport which represents part of its effort to secure a slot as a European "mainport". His officials are meanwhile preparing for the country again to assume the rotating EU presidency from January.

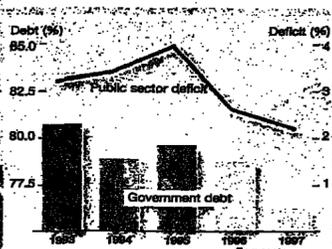
An Amsterdam summit is intended to put the finishing touches to Emu planning. The last time the Dutch were in the chair, the monetary union quest began and a small southern city called Maastricht found itself emblazoned on the modern European map.

### How the Dutch economy measures up

Wage costs



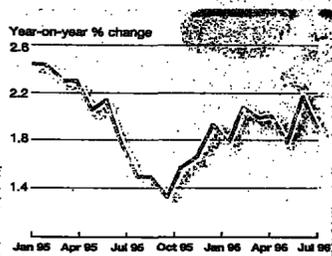
Deficit and debt as a % of GDP



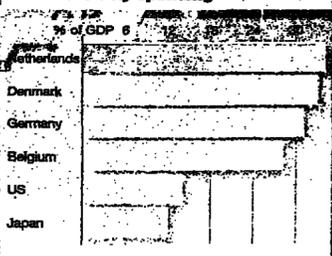
Value of Dutch exports



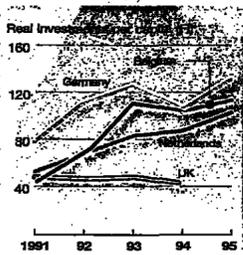
Inflation



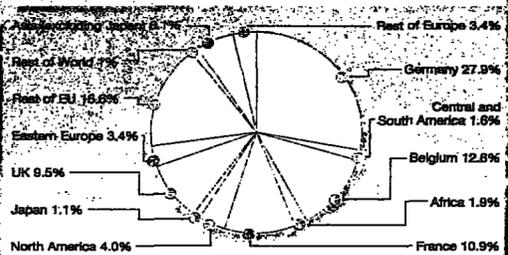
Social security spending



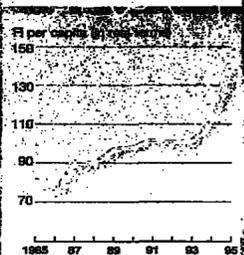
Rail infrastructure



Geographic distribution of Dutch exports



Expenditure on trunk roads



## Two booklets to make you rethink your European operations

Send for these free information publications now!

Increasing consumer demands and the pressures of competition have forced companies to operate more flexibly, more cost effectively and more productively. Many international companies have therefore

replaced segments of their local organisations by central units that service more countries.

But where do you find a site which has the geographical position and the infrastructure that ensures easy access to the international market? Compared to other countries,

The Netherlands is attracting relatively more foreign business than would be expected for such a small country. These investments

include production facilities, distribution centres and a growing number of European back offices. In our free booklets we give

information on factors that are important when considering a location for corporate investment, in general or specifically on back

offices. They are published by the Netherlands Foreign Investment Agency (NFlA), a part of the Ministry of Economic Affairs, which assists foreign companies which are considering establishing in The Netherlands. Its services are entirely free of charge and without obligation, and all contacts will be treated with the utmost confidence.

#### The Netherlands - A first class location for international activities

This twelve-page brochure discusses all factors that are important when considering a location for an initial corporate investment or for expansion. It contains information on the stable political, social and economic climate in The Netherlands, as well as segments on - for example - distribution, labour, taxes and telecommunications. Furthermore, it describes the services of the NFlA, and it also contains a list of all available reports and booklets.

#### Back Offices - Sharing the services from a central company base.

Many companies have already found that sharing support activities, for example invoicing, purchasing and customer service, at one central location, not only reduces overhead costs but also improves the service to internal and external customers. It will also release staff time that can subsequently be spent on building the business. This eight-page brochure looks at backgrounds and outlines the operational implications of these central offices.

YES, I would like to receive, without obligation, the following booklet(s) (please tick):

- 'The Netherlands - A first class location for international activities'
- 'Back Offices - Sharing the services from a central company base'

Name: \_\_\_\_\_ Mr/Ms  
 Initials: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Position: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_  
 Country: \_\_\_\_\_  
 Telephone: \_\_\_\_\_ 666

Fax this coupon to +31 70 37 96 322 or mail it in a stamped envelope to: Ministry of Economic Affairs, NFlA, Office for Europe, P.O. Box 20101, 2500 EC The Hague, The Netherlands

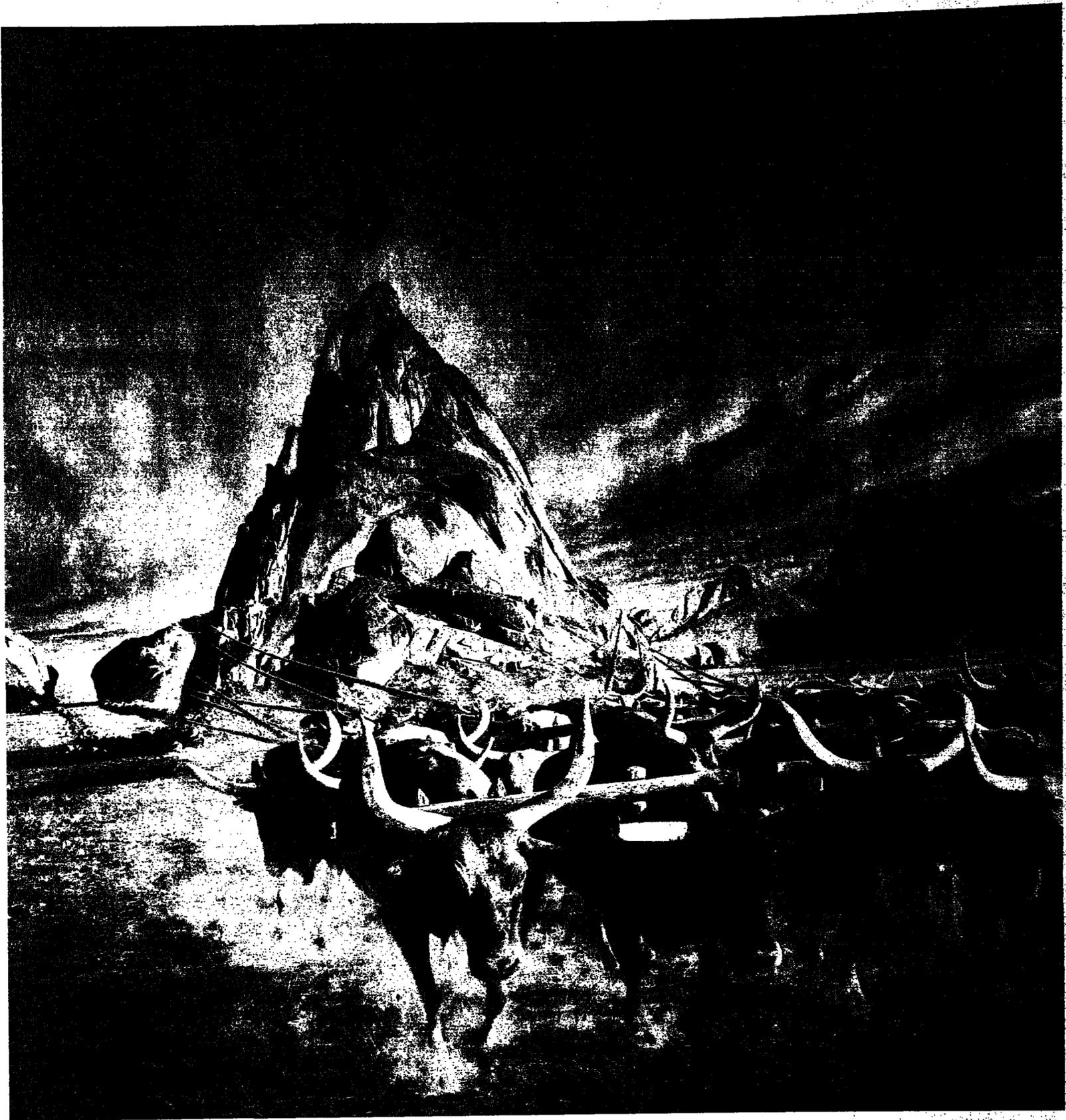
## Nissan chose Amsterdam



for its European distribution centre & headquarters, because of the central location, the multilingual workforce and the international environment.

Port of Amsterdam. More than just a port





## FORTIS DELIVERS A POWERFUL PERFORMANCE

Time and again, Fortis has managed to record impressive profit growth. Profit over 1995 climbed by 15% to ECU 631 million. This achievement is largely due to the strength of the operating companies.

The Fortis companies, of which there are over 100, include such household names as AMEV and VSB in the Netherlands and AG 1824 and ASLK-CGER in Belgium. Plus companies like CAIFOR, a joint venture with Spanish bank "la Caixa".

Together, the Fortis companies offer a very broad range of financial services. From leasing, private banking, health insurance, savings products and loans, to pensions and the insurance of industrial risks.

In short, the whole field of banking, insurance and investments. That's the field in which Fortis has thrived. And Fortis is well on the way to becoming a major player. The publication

of the latest Fortune Global 500 table revealed that Fortis had risen to 135th place.

Clearly then, the chosen strategy is working and should be continued. A strategy which

gives our operating companies around the world the freedom to serve the market in their own way. And at the same time draws maximum advantage from their combined strengths. Allowing them to benefit from each other's expertise and experience. And giving them the financial resources to invest properly in their organizational structures, the latest information technology, and training for staff members.

The necessary foundation to allow Fortis to deliver a powerful performance in the years to come. That's the challenge for more than

30,000 Fortis people. For more information: 31 (0) 30 257-6549 (NL).

32 (0) 2 220 9349 (B). Internet: <http://www.fortis.com>

- OPERATING ACROSS WESTERN EUROPE, THE USA AND AUSTRALIA.
- TOTAL ASSETS AT THE END OF 1995: ECU 126 BILLION
- A WELL-FOCUSED GROWTH STRATEGY, BOTH WITHIN THE GROUP COMPANIES AND THROUGH ACQUISITIONS
- FINANCIAL OBJECTIVES: RETURN ON SHAREHOLDERS' EQUITY OF AT LEAST 12%.
- ANNUAL GROWTH OF EARNINGS PER SHARE: 7-12%.
- A GOOD TRACK RECORD IN MEETING FINANCIAL AND STRATEGIC OBJECTIVES.

THE COMBINED STRENGTHS OF FORTIS

**fortis**

INSURANCE • BANKING • INVESTMENTS

1725-1050

# NORTHERN IRELAND

## The only game in town

While prospects for the multi-party talks look increasingly fraught, the politicians are still at the table, writes John Murray Brown

What a difference a year can make. Less than 12 months ago, Northern Ireland was basking in the reflected glory of US President Bill Clinton's triumphant visit. The guns were still silent. Belfast was preparing for its second bumper Christmas in succession. Tourists were arriving in record numbers along with promises of new investment. Many must have believed they had seen the last of the violence that had disfigured the province for more than 25 years.

Surveying the same landscape today, it is easy to be despondent. Divisions between Protestant and Roman Catholic communities appear more bitter than ever. Disputes over the summer's marching season have seen extremists on both sides inflame sectarian hatreds.

February's massive explosion in London's Docklands signalled the end of the IRA's 18-month ceasefire. With the bomb attack on the British army headquarters at Lisburn earlier this month, the IRA shattered any lingering hopes it might be contemplating an early restoration. Road barriers are back in place in central Belfast. Soldiers again patrol the streets.

Over the summer tensions between the two communities were exacerbated by the stand-off at Drumcree where police forced protestors off the streets to allow a protestant Orange march through a Catholic housing estate. The event has coloured subsequent developments.

Against this background, few hold out much hope for the multi-party talks at Stormont. Yet the politicians remain at the table. British ministers point out that no party has yet walked out, although they voice disappointment at the slow progress. The vexed issue of the decommissioning of terrorist arms has still to be resolved but before Christmas, London and Dublin plan to present legislation providing a limited terrorist amnesty.

No one underestimates the difficulties. Even with 18 months of ceasefire, the political nature of the dispute - rival claims of those wishing to remain within the UK and those espousing a united Ireland - remains as intractable as ever.

There are positive developments. Even in hardline republican areas, there is little taste for a return to war. Belfast's inner city is starting to reap the benefits of the government's policy of targeting social need. These areas will suffer most from a resumption of full-scale inter-communal violence.

The end of the IRA ceasefire put pressure on loyalist paramilitaries to retaliate. But their political representatives, the Progressive Unionists and Ulster Democratic party, have so far showed restraint, even expressing willingness to engage with republicans.

By contrast, the mainstream unionist parties still insist the IRA first take some of its arms out of commission. As one Catholic businessman put it: "The



Has it all gone wrong? The vexed issue of the decommissioning of terrorist arms has still to be resolved. But no party has yet walked out of the talks

Photo-montage Andrew Burns

real intransigent unionists are not in the working class estates but in the middle class golf clubs."

There are signs inward investors are prepared to take a long-term view. Only last week AVX, a US electronics company announced a £45m expansion of its Coleraine plant. The Industrial Development Board reported a record year for investment in 1995/96, raising its jobs target for the next three years from 12,000 to 18,000. Despite a short-term blow to tourism, three new hotels are going up in Belfast.

Some sections of the business community, however, have voiced concern over the political impasse. In September, a group of industry and labour leaders took the unprecedented step of hold-

ing a meeting at Stormont with all the parties to urge upon them the need for a settlement.

The broad elements of that deal have been conceded by both traditions: a restoration of a devolved administration in exchange for an added Irish dimension through the setting up of cross-border institutional links with the Irish Republic.

The prospects for progress depend as much on events beyond Northern Ireland as at home. The US administration - critical in persuading the IRA to call its first ceasefire - has visibly cooled towards the republicans with the resumption of violence.

While the presidential election campaign is on, the Irish lobby will be hard to

ignore. Only last week, Vice-President Al Gore told an audience of Irish-American businessmen in New York that "the President and I will do all we can to encourage those who would lay down their arms and walk on the path of peace". But with the election over, Ireland may well slip down the list of priorities for a new administration.

In Ireland, too, a general election next year could change the dynamics of the peace process. John Bruton's Fine Gael-led coalition has enjoyed cross-party support on the peace process.

But if the main opposition Fianna Fail party, historically the guardian of constitutional republicanism, emerges victorious, Sinn Féin may find it has a more

sympathetic ear in Dublin. A change of government in London is perhaps more likely. Labour has hitherto pursued a bipartisan approach. But Majorie Mowlam, the shadow Northern Ireland secretary, has indicated Labour might be more flexible on the terms for Sinn Féin's admittance to talks, if the IRA were to call a new ceasefire.

Ireland, however, is unlikely to be a key issue in the British election. Prime Minister John Major has refused to let party advantage interfere with his stewardship of the peace process. But his wafer thin majority in the House of Commons, means he is wary of alienating the Unionists, who although loosely allied to the Conservatives, have recently

flirted with Labour. The government's approach has hitherto been one of incremental gains. A pre-election surprise on Northern Ireland has been ruled out, particularly after the announcement that Sir Patrick Mayhew, the Northern Ireland secretary is not to contest his seat.

More critical could be the fall-out for the Northern Ireland parties. On the unionist side, the arrival of the small fringe loyalist parties represents a further fragmentation of the protestant vote. As ever, David Trimble's Ulster Unionists, the province's largest party, is anxious not to be out-

flanked by the Rev Ian Paisley's hardline Democratic Unionists. As polling day approaches, prospects of a

breakthrough will recede as politicians take up entrenched positions.

Uncertainty prevails in the nationalist camp too. Sinn Féin achieved an impressive 15 per cent of the vote in the special election in May to elect delegates for the negotiations. The party could well overtake the moderate nationalist Social Democratic and Labour party, emerging as official interlocutor of the Catholic minority. This might play into the hands of moderates who espouse the political route. Whatever the response, Sinn Féin will be harder to ignore.

Prospects for the talks look increasingly fraught. But as one British official put it: "They're the only game in town".

Tell me  
who's bringing  
you a choice  
of telephone  
company.

FREEPHONE 0800 602 603 ANYTIME



CableTel

COMMUNICATING ENTERTAINING INFORMING



2 NORTHERN IRELAND



Marjorie Mowlam: a contrast with the current secretary of state

Labour policy: by John Kampfner

Business as usual

Labour has made clear it would not alter principles guiding the peace process

What, if anything, will change in Ulster if Labour wins the next general election in the UK? Indeed, within a year, the British and Irish governments driving the search for a new settlement for Northern Ireland may well have changed.

Labour insists that Tony Blair, as prime minister, will not deviate from the principles that have guided the Anglo-Irish process for the past decade. Since being appointed by Mr Blair as shadow Northern Ireland secretary in 1994, Marjorie Mowlam has steered Labour along a firmly bipartisan approach with the ruling Conservatives.

Strains have been felt during that time, most recently in the government's response in January to Senator George Mitchell's report on weapons decommissioning, and in the Royal Ulster Constabulary's handling of the unionist march at Drumcree in July. But, time and again, Labour has supported government legislation relating to the province, and made clear it would not exploit the issue in any vote of confidence in the Tories at Westminster.

The stance taken by Ms Mowlam is radically different to that of her predecessor, Kevin McNamara, who as shadow spokesman on Northern Ireland for seven years pursued an agenda closely allied to Irish nationalists.

The clearest distancing of Labour's past was the party's decision this year not to oppose the renewal of the Prevention of Terrorism Act, legislation that gives the Home Secretary powers to

exclude individuals from the British mainland. Twenty three Labour MPs defied orders to abstain in the vote, serving notice that a rump of the parliamentary party is opposed to the shift in Ulster policy.

The rebels are mainly left-wingers of the old order. Mr Blair, who has consistently ignored them, demonstrated his toughness last month when he warned Jeremy Corbyn he could be thrown out of the party if he hosted a book launch in the House of Commons for Gerry Adams, the Sinn Féin president. Mr Corbyn backed down.

One of the justifications given by Labour for its co-operation on Northern Ireland is that it has allowed John Major to face down the strong Unionist lobby among the Tories. Also, leaving what Ms Mowlam calls "not a cigarette paper" between opposition and government, has given it maximum manoeuvre with the Unionist parties, whose support would be crucial for any minority administration at Westminster. Unionism in recent years had virtually no influence in Labour, but that is beginning to change through the lobbying of a small group under Kate Hoey, MP for Vauxhall.

From its first day in power, a Labour government would have to pick up the reins of the multi-party negotiations in Belfast. Ms Mowlam, who is likely to retain her portfolio, has assiduously courted all the main political and business figures in the province. With her informal manner, she will provide a stark contrast with the current secretary of state, the somewhat aloof Sir Patrick Mayhew.

Curiously, the two have developed a good working relationship, with Sir Patrick allowing his senior officials to brief Ms Mowlam

and Mr Blair regularly on the political process. Recently Ms Mowlam visited the Maze prison to discuss the loyalist ceasefire with its inmates. High-level contacts with Sinn Féin were broken off after the resumption of IRA bombing last February.

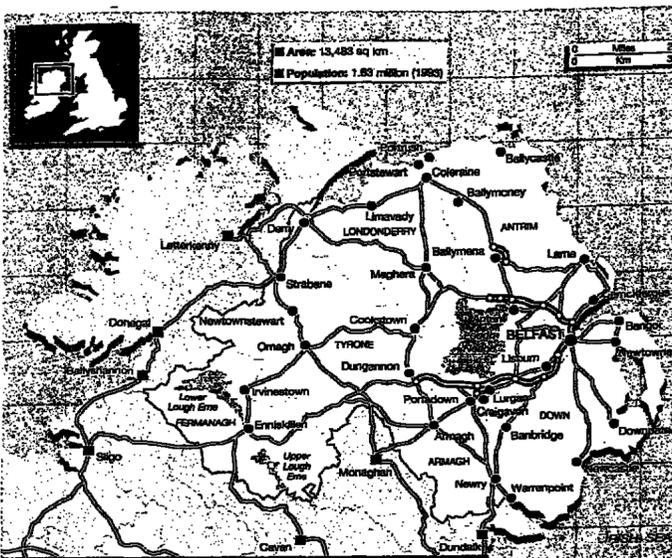
Mr Blair has made clear he will not soften conditions for Sinn Féin's entry into the talks or be less tough on terrorists. So far he has kept only a passing eye on Northern Ireland. But in his speech to the Labour conference, Mr Blair said the issue would be "as much a priority for me as for John Major". He warned loyalists and the IRA they had a duty "to take the path of peace. Honour it and you shall play your part. Fail in that duty and I swear to you the search for justice and reconciliation will carry on without you".

While maintaining the current approach on the talks, Labour insists it will differ from the present on a number of day-to-day issues. It will introduce reforms of policing, put a greater emphasis on fair employment, and pursue plans for an independent commission to arbitrate on sectarian marches.

Labour will also support more vigorously partnership projects established by the European Commission, bringing with them a large influx of EU regional aid. It will incorporate into law the European convention on human rights, and a freedom of information act, with ramifications for the province, as well as a bill of rights specific to Northern Ireland.

But, as Ms Mowlam points out, consent of majority Protestants in Ulster and minority Catholics will ensure that neither a united Ireland nor the status quo will remain viable.

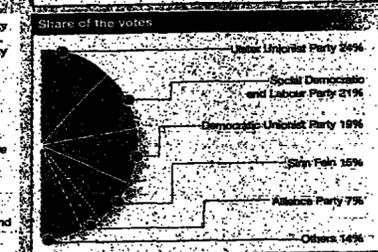
The search for a new political arrangement will continue with at least as much vigour under Labour as the Tories.



Chronology of the past two years
Dec 15 1993: British Prime Minister John Major and Irish counterpart Albert Reynolds unveil the Downing Street Declaration which seeks to find peace in Northern Ireland.
Sept 1 1994: Irish Republican Army announces ceasefire.
Oct 14: Pro-Union 'Loyalist' guerrillas start truce.
Dec 8: British government officials hold first public meeting with Sinn Féin, political wing of IRA, in 22 years.
May 10 1995: Britain ends 23-year ban on ministerial talks with Sinn Féin. The two sides meet to review how to secure peace.
June 16: Sinn Féin formally breaks off exploratory peace talks with Britain, angered at British attitude to IRA arms.
Nov 30: US President Bill Clinton visits Belfast and Londonderry.

Jan 24 1995: The Mitchell commission proposes all-party talks alongside a phased surrender of guerrilla weapons. Major proposes elections in Northern Ireland to pave way for talks.
Feb 8: An IRA statement says it is abandoning the ceasefire. A bomb blast in the Docklands in the east London area injures 100 people and kills two.
Feb 22: Major and Clinton revive peace process and announce June 10 date for all-party negotiations. They say Sinn Féin will remain outside unless the IRA ceasefire is reinstated.
May 30: Elections in Northern Ireland for Peace Talks Forum, to run alongside all-party peace talks, see Sinn Féin take 15 per cent of the vote.
June 10: Multi-party talks on the future of Northern Ireland begin in Belfast, but Sinn Féin is excluded.

Economic summary table comparing Northern Ireland and UK across various metrics like GDP, average wages, and unemployment.



Multi-party talks: by John Kampfner

Players still at the table

Despite serious set-backs, no one has yet dared to pull the plug on the peace process

They could not have started less auspiciously. The multi-party negotiations on Northern Ireland, the holy grail for the British and Irish governments and for several of the political parties, almost collapsed the day they began on June 10.

Ten parties were to gather at a nondescript government building on the edge of the forbidding Stormont estate east of Belfast. They had received their mandate at elections on May 30.

In the preceding years, London and Dublin had held out the talks as the final stage in determining a new arrangement for Ulster. They were to enshrine a new era of democratic politics, with politicians eschewing the demagoguery that had characterised many of their approaches. It was not to be.

The first day was dogged by the arrival of a Sinn Féin

cavalcade demanding to be let in. The party had been refused entry to the talks because of the IRA's refusal to restore the ceasefire it broke by setting off a bomb in London in February.

Inside the building, the main players were exchanging insults in the corridors. The Unionists said they would obstruct the process at each step unless they got their way.

Their first objection was the appointment of former Senator George Mitchell, President Bill Clinton's envoy to the province, whose report on the issue of paramilitary decommissioning had been largely well received in January.

Mr Mitchell's problem was that he was American. Unionists, arguing he was inherently biased, called for him to be removed. One official recalls that Mr Mitchell and his Canadian and Finnish deputies, John de Chastelain and Harri Holkeri, were on the point of packing their bags.

They didn't, and the talks ground into action. It took British ministers several days to persuade the main

unionist party, the Ulster Unionists, to give Mr Mitchell a chance. The other two more recalcitrant groups, the Rev Ian Paisley's DUP and Robert McCartney's UKUP, dropped their threat of a boycott - but only after a long struggle.

Officials clung to every minute sign of progress. Mr Mitchell's aim was to avert a walk-out by any of the main players, which would have led to a collapse in the talks and raised prospects of a descent into all-out violence.

Each IRA terrorist attack during the talks made his task more desperate.

On July 29, a small but significant breakthrough occurred. David Trimble of the Ulster Unionists and John Hume of the SDLP settled on the outlines of the way ahead. They agreed on the definition of the consensus needed for progress. This involved the two governments, a majority of the parties at the table, and a majority of both the minority nationalist and majority Unionist communities. The UUP and SDLP, backed by smaller moderate groups,

could achieve that. The onus would be on the hardline DUP and UKUP to join them.

After a long summer break - peppered with the crisis over sectarian marches - the negotiators returned. Few hopes were invested, as the parties had yet to agree an agenda for the opening of the talks.

However, even that hurdle was overcome in early October. For the first time, the international arbiters allowed themselves a modicum of confidence. The vexed issue of the decommissioning of paramilitary weapons was to be addressed. Any group linked to terrorist organisations - the loyalists and Sinn Féin - would have to agree to some form of hand-over before the negotiations concluded - a hypothetical stipulation as each IRA bomb appeared to harden terms for Sinn Féin's entry into the talks.

After discussing the broad outlines of decommissioning, the talks are due to divide into three sub-sections, laid down by the two governments in their joint framework documents in February

1995. The first "strand" involves new internal arrangements for the province, including some form of assembly; the second, and the most controversial, sets out cross-border co-operation between Ulster and the Irish Republic; the third relates to relations between London and Dublin. Mr Mitchell hopes they could be running by the start of 1997.

The bottom line will be the politicians' commitment to making compromises needed to move the process forward. All must look over their shoulders. Mr Trimble has taken a risk in making overtures to moderate nationalists. Mr Hume has antagonised some in his community by accepting Sinn Féin's political isolation.

Much will depend on Mr Paisley and Mr McCartney, who are vying to outperform each other according to the traditional Unionist doctrine of seeing any concession as tantamount to heresy. Much of it is posturing. A point that could have been made in a few minutes has often taken three hours of hectoring. Yet all the permitted participants are still there. For all the problems, no-one has yet dared to pull the plug on the process.

Economy: by John Murray Brown

Success for the fleet of foot

In a climate where confidence is elusive, the ability of business to adapt is crucial

Confidence is an elusive business attribute, and nowhere more so than in Northern Ireland. A survey by accountants Coopers & Lybrand earlier this month suggested 80 per cent of businesses are concerned that the political instability could affect their trading performance, with less than 40 per cent forecasting an improvement in the economy. Such lack of certainty does little to help business, although local companies are notoriously resilient.

Take this year's Smart awards, the DTT's national campaign to support innovation by young companies. Radiocontact, a small electronics company in Castlereagh had been a winner on two earlier occasions during the "Troubles", with its proprietary alarm systems for the security service industry.

With the ceasefires, interest from the Ministry of Defence dried up. Plans to install the product at Belfast's Aldergrove airport were put on hold. As a result the company was forced to look more at civilian applications of its technologies - winning again this time with an integrated circuit for use with video on demand systems in hotels.

Such adaptability is vital for the small and medium sized enterprise sector, which is the driving force of the economy, accounting for 70 per cent of business activity. Innovation has been one

of Northern Ireland's main assets. The problem traditionally has been persuading locals to stay in the province.

Peter Keeling, another winner of the Smart Award, like many fellow Ulstermen, seized on the improved political environment following the ceasefires to return to Northern Ireland with his family.

He gave up a job at the drugs company Wellcome, to start Molecules To Market - a small research-based operation in the nationalist Andersoustown area of west Belfast, making an easy use diagnostic kit for managed care centres.

Like many small businessmen, he is worried about the future. "The uncertainty is an everyday management problem for us, but it's a real problem for our customers. The one concern is can we attract investors to Northern Ireland?"

The Industrial Development Board suggests there is little immediate correlation between political developments and the investment decisions of foreign companies.

The province attracted 10 new investments in 1995-96 compared with 17 in the previous two years. The number of jobs created, either by new or existing inward investors, rose from 3,141 to 4,889 in 1995/96. Manufacturing employment is now back up to levels of the early 1990s, reversing a downward trend in the UK as a whole.

Indeed, the province won 9 per cent of all new jobs promoted in the UK in the period 1994/95.

Cooper & Lybrand suggests that the IDB may be failing to get its message

across. Their survey shows that the experience of doing business in Northern Ireland, in terms of the costs and the quality of the infrastructure, is in practice much better than companies anticipate when they first arrive in the province.

For the short term, the economic outlook remains robust. Consumer demand is

rising, fuelled by rising disposable income, and lower mortgage costs.

New private house starts rose by 4 per cent last year and this growth was carried through to the first quarter of the current year, when new starts were 20 per cent higher than the similar period in 1995.

Bank lending is increasing. The Bank of Ireland

reports a fourfold increase in corporate activity as Northern Ireland firms start to take advantage of the increased international interest in the province.

Hambro Northern Ireland Venture Managers has just completed its second deal under a £12m venture capital fund, part financed by the European Union.

Continued on page 4

Advertisement for LAGANSIDE featuring a portrait of Albert Einstein and text about business confidence and location. Includes contact information for LAGANSIDE Corporation.

Advertisement for HAMBROS featuring a quote: "You cannot create experience, you must undergo it." Includes contact information for Hambro Northern Ireland Venture Managers.



Hard times: farmers at the Sainfield livestock sales yard, County Down

Tony Andrews

■ Agriculture: by Michael Drake

## Putting on a brave face

The past six months have left the province's farmers down - but not out

If you are a sheep farmer, a pig producer or a poultry processor in Northern Ireland you may have good reason to smile. But for those involved in red meat production it is a different story. For them, the past six months, which have seen the European Union ban UK beef exports and call for the phased cull of British herds, have been a sort of hell.

Northern Ireland's farmers are the backbone of the province's economy. Farming is by far the largest industry, employing about 60,000 people out of a total workforce of 780,000. Total income from farming, which measures the return to farmers and all members of their families working on farms, last year amounted to about £340m - 8 per cent up on 1994.

The beef sector, which represents 12 per cent of the entire UK herd, accounts for two thirds of gross farm output. Unlike the rest of the UK, which consumes all but a fraction of its production, the province relies on exports for 80 per cent of output. Northern Ireland is thus uniquely vulnerable to the crisis.

First Trust Bank estimates the lost revenues resulting from the enforced cull at

about £100m. The knock-on effects could be considerable: investment in plant and machinery is slowing down; cattle haulage companies are feeling the pinch.

Cattle prices are down 25 per cent on this time last year and some farmers report losses of £150 to £300 an animal on the livestock they have managed to sell.

While a year ago farmers were receiving 28p a kilogram for top-quality steers, they now have to be content with a return of about 18p a kg. Those who depended on the normally lucrative suckler autumn calf market have had to bite the bullet and take prices that are on average £100 lower.

Without the safety net of the European Union's system of intervention prices, producers would undoubtedly have gone to the wall.

Even at the gloomiest times, however, there are some who remain optimistic. "If we can get a certified herd scheme in place and if we are allowed to meet the timetable for the cull of animals, we can get the market open again into Europe," says Greer McCollum, the beef farmer who heads the Ulster Farmers Union.

"That would provide some stability but we would have to accept lower prices than those we were receiving before the BSE bombshell," he says.

Least affected have probably been the farms that have diversified. Sheep prices are much higher than at this

time last year, thanks to an increased demand for lambs. White meat producers such as pig farmers and chicken processors have benefited as consumers switch from beef.

Government aid in recent months is another factor in farmers' favour. Of the £30m allocated to the UK slaughtering industry, £3.7m has gone to the aid of Ulster farmers with another £10m or so helping renderers process animal waste at the

small 2 per cent drop on last year.

Unlike other parts of the UK where many farms are held under tenancy agreements almost 60 per cent of farms in Northern Ireland are family owned or, in a few cases, subject to long-term leases.

The sector has been in slow decline for some years. While there may still be more sheep than people in Northern Ireland, the province's flock dropped by 2 per cent to 2.5m in 1994. The pig sector has seen a consolidation.

The number of holdings is now about 60 per cent of the levels in 1981. Over the same four-year period the average size of pig herd rose by 38 per cent.

Contraction is equally evident in the arable sector, with 20 per cent fewer farms now growing cereals. Similarly, the number of potato holdings is now one third lower than four years ago at 1,800. The dairy herd too has shrunk by 1 per cent to 271,500. Ironically, only the beef herd has managed to maintain its numbers, standing at 278,000 head.

With farm values in many cases exceeding £3,500 an acre, many landowners would be considered millionaires, were it not for heavy burdens of debt to banks and other lending agencies.

Few would want to sell. But before the BSE crisis is over some may well have to leave the land they inherited from their fathers.

It is too early to anticipate structural changes in the industry as a result of the mad cow crisis

rates that prevailed before the crisis.

Support under a marketing scheme has provided the province's farmers with £4.6m, while another £15.3m has been paid in supplements to the Beef Special Premium and Suckler Cow Premium Schemes. Others have benefited to the tune of £12m under the Hill Livestock Compensatory Allowance scheme.

It is too early to anticipate structural changes in the industry as a result of the mad cow crisis. The number of active farms - at just under 28,000 - represents a

PROFILE Monika Wulf-Mathies

## Europe's healing hand

EU funding, according to the commissioner, has a crucial role to play

Monika Wulf-Mathies, Commissioner for regional policy, clearly believes Europe can make a difference in Northern Ireland.

The former German trade union official, entrusted with distributing a total regional aid budget of Ecu150bn (£122.40bn), is particularly proud of the Ecu30m earmarked for Northern Ireland's Peace and Reconciliation Initiative.

"This is what the European Union is all about, helping to heal differences and bring communities together," she says. "I think we can draw lessons from this for the use of funding in other areas."

The objective of the programme, which was agreed at the Essen summit in late 1994, was to underpin the paramilitary ceasefires by supporting groups directly affected by the "troubles" - both the victims and the perpetrators of violence.

The money, to be disbursed over three years, is being given to projects on both sides of the border, 20 per cent to the six border counties of the Irish Republic which were deemed also to have suffered, while 15 per cent of the total funding is for cross-border projects.

The project has had its teething problems. When the IRA bombed Canary Wharf in February, signalling the end of its ceasefire, Mrs Wulf-Mathies was quick to announce that the funding would continue unaffected.

Only this month, the European Parliament's

budget committee had voted to cut the programme because of the slow take up of the money by the local organisations.

The Commissioner, clearly incensed at the damage such a decision would have had on the EU's standing in the province, accused the parliament of a "lack of solidarity" with those communities who suffered the most.

"It sent the wrong political message and put at risk the links we're establishing across the divide," she said. "If you want to get people involved they need to have a clear perspective of what is happening." However, the decision was reversed by a full plenary of the parliament on October 24.

Past disagreement between the Commission and the British government over EU funding had emerged, with the Commission accusing London of using EU monies merely to top up, or worse still replace, existing national programmes.

"We had some problems in the past. But we're happy the British government is committed to making this money additional [to existing programmes]," says the Commissioner.

British officials were at first a little wary of the programme. The government, which under normal EU arrangements is held responsible if a project goes wrong, wanted to be able to monitor the programme. A compromise was agreed whereby the government would be a co-signatory of the funding.

At a special conference in Belfast in early 1995, the Commissioner turned a few more heads with her proposal part of the money could go to ex-paramilitary prisoners. She said she wanted to see the funds promote what she called "social inclusion". In



Monika Wulf-Mathies: 'I think we can draw lessons from this for the use of funding in other areas'

response, the British government quickly announced it was dropping its "vetting" of community groups - used in the past to stop government funds being diverted to the paramilitaries.

The programme was unique in other respects. Decisions on how to disburse the money were only made after a lengthy consultative process with local groups - another reason for delays.

In a further bid to win over local communities, Brussels commissioned its own study of the deprived areas to establish those in most need.

To get the money to those most affected, the Commissioner decided that only part of the money would be distributed through government bodies. Instead, local organisations would be directly targeted, either through so-called "intermediary bodies" such as the Northern Ireland Voluntary Trust, one of the largest recipients. In addition, new "area based partnerships" involving the

26 local councils, business and the voluntary sector, would be invited to submit project ideas.

There have been delays, particularly in agreeing the formation of the new partnerships which are intended to be cross community. According to Commission figures, only Ecu34m has so far been disbursed of the total EU contribution of Ecu300m - the balance being matching funds from the two governments. But Mrs Wulf-Mathies confidently predicts that about Ecu100m will be spent in 1996 and a further Ecu160m in 1997.

Earlier this month, the Commissioner was in typically enthusiastic mood, announcing funding for a further 200 projects, including a childcare project in Strabane in the west of the province, one of the worst poverty blackspots and a staunchly republican area.

John Murray Brown

■ Laganaside: by John Murray Brown

## The second act begins

The corporation's new chairman is expected to focus on investment and job creation

Laganaside Corporation is to have a new chairman, Tony Hopkins, senior partner of Deloitte & Touche Northern Ireland, is to succeed the Duke of Abercorn as the head of Belfast's £130m riverside development project.

The appointment, expected to be announced in the next few days, opens a new chapter in the story of the regeneration of Belfast's inner city. If the Duke of Abercorn was the catalyst in winning government backing during the project's formative years, Mr Hopkins sees his main task as promoting private sector investment and bringing jobs to the area.

Belfast's docklands once

boasted the world's largest rope-making factory and one of the largest shipyards, while Northern Ireland was the heart of the UK linen industry. The area has long since been abandoned by traditional industry. Today, like many old European cities, Belfast is striving to reinvent itself.

Under an order in council in 1989 establishing it as an urban development agency, Laganaside was designated 140 acres abutting a tidal river, comprising sites ranging from disused docklands to the redundant and contaminated area of the old city gas works. "I remember when it was an open air cattle market," says Mr Hopkins of the area where the Hilton Group is building a £29m 180-room luxury hotel.

The locations are now owned either by Belfast City Council, the Harbour Commissioners, or the Corpora-

tion itself. To date, the scheme has been supported by £70m in grants from the Treasury or under European funding programmes. In such blighted surroundings, there was an official recognition that the project would be infrastructure-led, as the authorities cleared the site before marketing the investment.

But as the physical infrastructure improves, the planners are turning their minds not just to the commercial exploitation of the site but to local community regeneration through residential housing schemes and the integration of the area with the city centre.

In its annual report for 1995-96, the Duke of Abercorn says the highlight of the year was the "demand and subsequent increase in the value of waterfront housing" - all of which will help to breathe life back into the area.

When the project was launched, one of the first tasks was the construction of a weir across the Lagan. The weir, which cost £14m, was designed to regulate the tides, avoiding flooding in winter and the summer dry spells which affected water quality. It also meant the unsightly mudflats became a thing of the past. "There used to be a time when you could race at high tide, but then when the tide went out, there was only room for one boat," says Mr Hopkins.

Sewerage pollution on the river was also a hazard, with the system overflowing into storm drains during bad weather. Today the corporation has introduced a method of screening the sewage outfalls. The long-term plan is to improve the city's entire sewage system.

The water probably would still not be clean enough for swimming but already salmon have been caught

above the weir. The corporation dredged 100,000 tonnes of silt, creating a potential recreational area 4.5km long. Oarsmen were delighted. The Lagan Lookout group now conducts tours for school children and others around what was once one of the city's blackspots.

George Mackey, Laganaside's chief executive estimates there is an opportunity for £500m of private sector investment, and "the potential for much more in the future".

The first big break occurred when Ewart, the main developer, agreed terms with the Hilton group. The hotel, due to open in the summer of 1998, is also to receive a £7m grant. Laganaside, the leisure group which owns Hilton's operations in the UK, has underlined its confidence in the project by taking a large equity stake in the development. Typically Hilton's interest would be by way of a management contract, says Mr Hopkins. Also on Lanyon Place is BT which is leasing 150,000 sq ft of office space in which to relocate all its Northern Ireland operations.

At the other sites, the Clarendon Docks reports record office lettings. Clients include the Northern Ireland Council for Curriculum Examinations and Assessment which is locating a 50,000 sq ft centre. Earlier this year, the city council was awarded £3m by the National Lottery for the restoration of the 19th century St George's Market, one of the UK's largest fruit markets under a single roof.

The showpiece is the Waterfront Hall a 2,235 seat concert and conference centre. Belfast City Council, the £30m facility's owner, plans to open it in the new year with a concert programme headed by James Galway, the Ulster-born flautist.

DIVIDE THE FT INTO 365 EQUAL PARTS.

When the project was launched, one of the first tasks was the construction of a weir across the Lagan. The weir, which cost £14m, was designed to regulate the tides, avoiding flooding in winter and the summer dry spells which affected water quality. It also meant the unsightly mudflats became a thing of the past. "There used to be a time when you could race at high tide, but then when the tide went out, there was only room for one boat," says Mr Hopkins.

Sewerage pollution on the river was also a hazard, with the system overflowing into storm drains during bad weather. Today the corporation has introduced a method of screening the sewage outfalls. The long-term plan is to improve the city's entire sewage system.

The water probably would still not be clean enough for swimming but already salmon have been caught

+44 (0) 171 873 3910

FINANCIAL TIMES

## Call Centre?

### .....call Northern Ireland we're the best people to talk to

As a location for your Call Centre operation, Northern Ireland offers the most highly educated staff in the UK, lowest start up and operating costs, purpose built accommodation at competitive rentals, the most generous financial incentives and a state of the art telecommunications infrastructure.

**IDB Northern Ireland**

To discover all the facts call:  
Trevor Killen  
International Marketing Division  
The Industrial Development Board for Northern Ireland 64 Chichester Street  
BELFAST BT1 4JX Tel: 01232 545267 Fax: 01232 545000  
or  
Michael Roberts  
The Industrial Development Board for Northern Ireland  
Berkeley Executive Centre 11 Berkeley Street  
LONDON W1X 6BU Tel: 0171 493 0601 Fax: 0171 499 3731

4 NORTHERN IRELAND

■ Armagh: by Joris Minne

# Across the religious divide

Co-operation between churches has helped the city stay aloof from the troubles

When Bishop Sean Brady takes over the helm of the Roman Catholic Church in Ireland from Cardinal Cahal Daly later this year, he will be the latest in a line which goes back some 1,500 years to St Patrick himself. Ireland's patron saint has a special place in the country's identity. The church he founded in the city of Armagh is now the ecclesiastical capital of Ireland. Each March, across the world an estimated 40m of the Irish diaspora remember the holy man, who banished snakes from the island, reinforcing their own identity in much the same way as the British Royal family does for the British state. While American Irish tend to fetter St Patrick with green beer and colourful city centre parades, home grown Irish revere him with more

solemnity marking the saint's day on March 17 with masses, services and visits to the graves of deceased cardinals.

Whatever way he is remembered he is almost certainly the world's best known Irishman.

Armagh is just 40 minutes drive south west of Belfast - the department of environment alerts the errant driver with large road signs depicting in silhouette the twin spires of the aptly named "Cathedral City".

On the drumlin hills of this elegant Georgian town, the Roman Catholic and the Church of Ireland cathedrals tower over the pink stone streets. Both are named after St Patrick, which confuses tourists a little. They normally end up visiting both churches and in so doing cross the religious divide.

Cardinal Brady and his Church of Ireland counterpart Bishop Robin Eames are not alone. Baptists, Presbyterians and Methodists all have meeting halls and places of worship in the city. Even the Reverend Ian Pais-



"Cathedral City": Armagh's two churches are named after St Patrick, which confuses tourists who normally end up visiting them both

ley, MP who heads his own Free Presbyterian congregation, has established a church in the town.

Thanks in large part to the co-operation between these various church organisations, Armagh has survived much of the turbulence of Northern Ireland's recent history.

To some extent the leaders of today's churches are following St Patrick in showing acute political acumen. Mr Paisley may have claimed Patrick as a "Brit" but the saint himself was more sensitive to local tradition when

he established his church in the year 450.

By the time he arrived, Armagh was the heart of an old and declining Celtic empire populated by princes, queens, warriors and druids - a sort of Ulster Camelot. By one account, St Patrick was given the land to build his church after he resuscitated the local chieftain's dying horse.

Today, the city has developed alternative attractions. The Royal Irish Fusiliers have their regimental museum in the town. Navan Fort, the site of the ancient

capital of Ulster has also been restored.

The town was the one of principal sites of the Irish scientific enlightenment, with the Armagh Observatory built in 1790, by the then Church of Ireland primate Richard Robinson. Today the city boasts the only planetarium outside London's Baker Street.

But the main draw for the tourist is the city's connection with St Patrick. The surrounding countryside is dotted with landmarks commemorating events in the saint's life.

Near Keady, 10 miles south of the city is a hills called St Patrick's Chair, where he is said to have rested from the weary work of converting proud Celts into meek Christians.

Many would have been baptised at the nearby St Patrick's Well at Mulla-creevy, on the outskirts of the town. Here St Patrick is said to have fallen asleep, dreaming that an angel told him that his church was to be the centre of Christianity in all of Ireland.

Patrick was not the only man attracted to this site. In

earlier times, the well, and the raglin tree nearby was a focus for pagan worship.

Today people in Armagh still remember the tradition of tying rags to the tree, in the belief that this was the way that wishes and dreams would be realised. Such is the continuing potency of the site to local people that plans to build a housing development had to be altered to preserve the tree.

In Blackwatertown, five miles from the city in the middle of County Armagh, St Patrick's has left a rather different legacy. Driving

through this lush farmland, famous for its apple orchards, you enter the village from the west past the church of St Jarlath.

Seamus Hegarty, the village news agent and local historian says: "We know it as Clonfeacle. Feacle is the Irish word for a tooth." The story goes that St Patrick was picknicking in the nearby field when he bit into a piece of bread and lost a tooth. Locals say the holy molar is still there - somewhere and anyone who finds it stands a good chance of sainthood himself.

PROFILE John McGuckian

## An enterprise veteran

The image of Northern Ireland as a world of government quangos, run by mandarin appointees comes a unstick when you meet John E. McGuckian. A former North Antrim pig farmer, and a Roman Catholic, his career reads like a Who's Who of Northern Ireland enterprise. Mr McGuckian has seen, and lived through, even prospered, during the worst of the 25 years of terrorist violence. As a result, he has an almost unrivalled business perspective on the province.

"This place is light years ahead of where it was five years ago, 10 years ago. You can't imagine the murder and mayhem of those

years," he says, in his blunt Ulster brogue.

He is best known outside the province as chairman of the Industrial Development Board, although he has interests in textiles, is on the board of Allied Irish Banks, is chairman of Ulster Television, the local ITV franchise and has a string of public service appointments.

This week the IDB published its annual report for 1995-96. The results underscore the big rise in job creation by foreign investors, much of the growth coming from those already in the province.

The year has not been without upsets, however.

BeneLux, the troubled Hong Kong-based audio cassette component manufacturer

was forced to shut down its Limsavady plant in September. Mr McGuckian argues that even in the private sector, things can go wrong. "We're not buccaners," he says. "We have to be practical but even in the private sector, 20 per cent of all capital investment is wasted."

Some local economists have argued that it is the job of government to support projects of greater risk than those the private sector would be prepared to back. However, Mr McGuckian points out that any foreign investor coming to Northern Ireland has to

convince the IDB it is "mobile" and that its business would be viable even without the government grants.

On this point, he is bitter about the demise of the deal with Hualon, the Taiwanese textile company, whose planned textile plant would have been the largest ever investment in Northern Ireland but is the subject of a challenge in the European Court.

Mr McGuckian describes as "vindictive" the lobbying by the British textile industry against the investment. Manufacturers claim the Hualon project represents unfair competition.

John Murray Brown

■ Tele-services: by John Murray Brown

## Engaged in a new line of business

With some success, the IDB is targeting call centres as an area of rapid growth

If you have ever had reason to ring British Telecommunications' 150 or 151 London freephone service, you know the sweet burr of a county Fermanagh accent.

For the garrison town of Enniskillen in the heart of Northern Ireland's "Lake-land" is now the location from which BT provides customer services and fault reporting for the whole of the London area.

This is just one example of call centres made possible by changes in information technology.

The shift in work patterns is particularly marked in rural areas - one of BT's employees for example travels to work by boat. But the changes are equally likely in urban settings.

Across Europe an estimated 6,000 companies operate call centres. These already employ about 130,000 people and are expected to create another 100,000 jobs by the year 2000 according to a Green Paper published by the European Commission last month.

The Republic of Ireland is the fastest growing area for call centres, but the UK has 4,000, earning revenues of £245m (£367.20m) in 1996, according to Commission figures. Northern Ireland is targeting these tele-based services as a potential growth area - and with some success.

According to the Industrial Development Board, the government's investment authority, 1,530 people are employed in private sector call centres as well as a further 1,630 in the public sector, offering UK-wide or pan-European services in everything from airline bookings and computer support to direct banking.

The IDB is co-operating with BT, through investment in new technology and

the provision of low tariffs in a bid to attract call centres to the province. The company employs 550 people in centres in Enniskillen, Portadown, Londonderry and Belfast servicing customers primarily in Britain.

Cellnet, British Airways, Royal Mail, Prudential Assurance and Abbey National are some of the larger companies involved, along with government departments such as the Customs and Excise, the Inland Revenue, the Passport Office, and the Child Support Agency.

"There is no reason why Belfast cannot quadruple the number of jobs in remote IT," says Tony Hopkins, the incoming chairman of the Lagan-side Corporation, the agency in charge of the regeneration of Belfast's riverside.

The IDB offers incentives, including grants of up to 50 per cent of the cost of buildings and telecommunications infrastructure. Employment grants are also available to help cover the heavy staffing overheads that are involved in such a labour intensive operation.

Over the past five years, BT has invested some £176m in establishing high bandwidth links to Great Britain and the Republic of Ireland and the installation of a fibre optic cable network.

The company now claims to offer one of the most competitive call centre packages in Europe, naming among its advantages a flexible discount structure calculated on call volumes for incoming and outgoing calls; up to two international freephone numbers per country free of rental charges from a current choice of 46 countries and; special rates for long-term contracts with up to 25 per cent discounts on the base rates for relevant countries on freephone services.

With some predicting the advent of the "cashless society", Northern Ireland seems well placed to take advantage of the changes.

Bruce Robinson, chief executive of the IDB says



Remote working: companies involved include Cellnet, British Airways, Royal Mail, Prudential Assurance and Abbey National

call centres are one of the fastest growing sectors. Dr Ivor McCaw, manager of BT's Belfast engineering centre says BT's local operation has already helped pioneer major new product innovations such as BT's per-second pricing of phone calls.

One of the more recent

arrivals to the province is Stream International

arrivals to Northern Ireland is Stream International, which has established its European headquarters in Londonderry. Stream was formed as a merger between Corporata Software and a subsidiary of RR Donnelly of Chicago, and is now the world's largest supplier of telephone based technical support for the computer software industry, with annual sales of some \$1.6bn. The company made, and distributed, software and

technical manuals for Microsoft's Windows 95 program. In all, the company has 2,500 specialists handling 12m support calls in the European Union and the US.

Paul Kavanagh, president of Stream's international operations in Europe, the Middle East and Africa says the availability of high-quality, low-cost labour was a key attraction. The company wanted applicants with a good working knowledge of Dos and Windows programs. Those with a university or college degree were preferred.

Sean McGarry, of the Training and Employment Agency says Stream had little difficulty filling the 500 places. One reason, he says, is that Northern Ireland is now spending more of its educational budget on computer training than any other UK region.

Stream was able to hire its first 30 customer support representatives within one week of making the decision to come to the province.

Says Mr Kavanagh: "We interviewed them on a Wednesday and by Sunday evening our first 30 employees boarded a plane to London for company training."

A CABLE & WIRELESS COMPANY

# COMPETITION IS GREAT FOR BUSINESS.

## SO COME ON, BT, BE A BIT MORE COMPETITIVE.

Great, isn't it? The ex-monopoly and its arrival fighting for your business. You can't lose. Better service. Latest products. And, most of all, lower prices.

OK, so BT cut their prices on October 8th. Even so, Mercury is still substantially cheaper. Add Mercury to your phone system and save 48% on a 3 minute call to the States during weekday working hours. Or 39% on a 5 minute long distance call in the UK. So, for the really competitive prices, call us.

Call us on 0500 800 125. We'll tell you how much your company could save. Or, if you're a Mercury Communications customer, call us on 0500 800 125. We'll tell you how much you can save.

MEMBERSHIP DETAILS SURNAME  
JOB TITLE  
COMPANY NAME  
ADDRESS  
POSTCODE  
TEL NO

It doesn't cost anything to talk. FreeCall 0500 800 125.

International savings are based on GlobalNet package, subject to a 4.2p minimum charge. The UK national call is based on EXLITE package, with a 2p connection charge. All prices and savings compared against BT's best offer, based on long distance, 3 minute calls. All prices quoted in pence.

## Confidence elusive

Continued from page 2

"The ceasefire opened up the province as a sort of emerging market for institutional investors and our fund has been able to exploit that opportunity," says Colin Walsh, who runs the fund.

From a low starting point, industrial production has risen 13 per cent in the five years to 1995, compared with 5.9 per cent in the UK and 3.6 per cent in the European Union.

As a result Northern Ireland productivity rates

are closing the gap on the UK.

Unemployment is falling, although at 11.2 per cent of the workforce, it is still one of the worst rates of any region in the UK. Male unemployment is at 14.7 per cent. More encouraging, the level of unfilled vacancies has fallen over the past two quarters.

The government is also starting to have some success in targeting the areas of highest social need, through use of selective financial assistance. Of the

10 new investments, seven are located in economically deprived areas including west Belfast, Enniskillen and Cookstown.

Last year, in its economic strategy document for west Belfast, Sinn Féin, the IRA's political wing, actually commended the government for its attempts to target areas of social need.

But it also warned the loss of jobs resulting from the threatened closure of the Royal Victoria Hospital in west Belfast, and the scrapping of the Assisted Commu-

nity Employment scheme will all but wipe out the gains made by these "progressive" investment policies.

With the resumption of the IRA's bombing campaign, the squeeze on public resources will be even more acute, as the government reallocates the health and education budgets to meet the increased security needs.

As before, the economic fall out from the violence will be hardest felt in those areas most dependent on the state.

The economy: by Gordon Cramb

# Emu targets pose very few problems

### Government debt is the only Emu criterion which the Netherlands fails to meet

The Dutch version of the current Ikea stores group catalogue guarantees its prices until August 1997. Consumers looking for a home to fill with such wares can get a mortgage from ABN Amro fixed for 17 years at a modest 7.7 per cent annual interest. Inflation holds few fears for those doing business in the Netherlands.

It is one of the criteria for participation in European monetary union which the country has found easiest to meet. One of two others have been more troublesome, but the reaction among analysts to the government's annual budget unveiled last month was unanimous in deducing that the guildler will be among the founder members of the single currency zone.

The government deficit is to be brought down to 2.2 per cent of gross domestic product next year, well inside the Emu target ceiling of 3 per cent. In 1995, the deficit ratio still breached those limits at 4 per cent, but the outturn for this year is projected at 2.6 per cent.

The only measure on which the Netherlands still fails to qualify is government debt. Mr Gerrit Zalm, finance minister, forecast this to emerge in 1997 - the year on which Emu eligibility will be assessed - at 72.2 per cent of GDP. This would still be way above the notional 60 per cent maximum embodied in the Maastricht rules on monetary union.

But The Hague is hoping

that progress from the 79.7 per cent recorded last year will be sufficient to establish the "clear downward trend" required as a fallback position for countries which otherwise fit the bill.

Even so, to achieve the reduction the government had to resort to some debt-financing engineering. Mechanisms such as moving funds around in the state's accounts with the central bank brought nearly half the cut in debt from an expected 78.8 per cent this year. The rest came from economic growth itself as well as curbs in government spending and official subsidies, increased public sector efficiency, and a move into surplus on state social insurance funds.

GDP growth is on course to reach 2.5 per cent this year and 2.75 per cent in 1997. That is in spite of a less steady growth pattern in Germany, which takes a quarter of all Dutch exports and whose muzzes have in the past given its neighbour regular cause to blame for its colds. This time, as Dutch growth outpaces that of Germany for a fourth successive year, there is barely a sniff.

In any event, the Netherlands' exposure to the German market is muted by the preponderance of agricultural produce in the export package it ships across its eastern border. Germans will always eat.

Worse, though, is when a slowdown in Germany coincides with a dull patch for world trade in general. So by the same token, the internationally geared Dutch business sector is well placed to reap the benefits of increased activity forecast by the World Trade Organisation as the Geneva regime achieves a lowering of tariffs and other barriers over the

next few years.

But for now, the economy is being supported by strong domestic trading patterns. In retail sales, for example, the year-on-year increase touched 7.1 per cent in August - consumer price rises are at the same time being contained to an annual 2 per cent.

Overall household spending is being given an apparently structural boost from a rise in employment - by one forecast, the 300,000 new jobs of at least 12 hours a week being created between 1995 and 1997 will expand labour demand by 5.4 per cent.

"The Netherlands is gradually making up lost ground in a number of areas," says Mr Nico Klene, ABN Amro economist. This year, for the first time in decades, the total number receiving state benefits will show a decline, he notes. "The central government financing deficit, the public sector expenditure ratio and the tax and premium burden have all returned to mid-1970s levels."

That was when the country's bountiful welfare system began to inflict macroeconomic scars. It left as a legacy a low labour participation rate - more than 10 per cent of those of working age are, for a start, classified as "severely disabled". Suffering from stress was often reason enough to be allowed to leave a job and draw up to 70 per cent of one's former salary until pension day.

Now each of those drawing benefit under the WAO, the Dutch acronym for the invalidity insurance law, is having his or her case reviewed by state-appointed doctors. Of those examined last year, 35 per cent had their payments withdrawn or reduced.

This, combined with a



Gerrit Zalm: high debt forecast

smaller intake of new cases, again because of tighter criteria, has brought the number of "benefit years" being paid under the WAO by nearly 6 per cent to 742,400, according to figures this month from the Social Affairs Ministry.

The labour participation rate, substantially above 60 per cent in the past few years, compares favourably with a level of barely 55 per cent a decade ago, but still does not look good against a rate of nearly 80 per cent for Denmark, for example, and well over 70 per cent in both Britain and the US.

One consequence of this has been a per capita GDP which, although rising faster than its neighbours for the past eight years, still lags behind a swathe of countries ranging from France to Austria. At the same time, those in work bore a proportionately higher tax and insurance burden, as did their employers. Jobs were destroyed as a result.

In a study called "Benchmarking the Netherlands", the Economic Affairs Ministry last year measured the country against selected main competitors. Days lost through strikes were lower than anywhere except Japan. Reflecting high levels of education and workplace technology, the country ranked first in labour productivity, though at the low end of the scale when it came to use of labour potential.

Dutch trade unions are as prickly as any when jobs are threatened, and the country's social contract means that employers must tiptoe, consult, and sometimes shuffle backwards again. But in the past few years the union federations have learnt more towards non-pay benefits for their members, as a result of which many workers in the public and private sectors will be on a 36-hour week from next year.

Which, if nothing else, gives them more time to spend at Ikea.

INTERVIEW Wim Duisenberg

# EMI helmsman

If Mr Wim Duisenberg takes a bullish stance on the common European currency, it comes as little surprise in light of his move to Frankfurt as chairman of the European Monetary Institute (EMI) in July 1997. More notable is the explicit assertion by the Netherlands' outgoing central bank governor that there will be a direct relationship between success in the currency convergence exercise and economic growth with resulting new jobs.

"A stable exchange rate regime can only improve the effective functioning of markets, thus brighten the European prognosis, and improve its capacity to generate new jobs," Mr Duisenberg says. For European policymakers - struggling to escape the crossfire unleashed by increasingly unpopular austerity programmes, which the Maastricht convergence criteria mandate - this comes as a hopeful notion indeed.

"The move towards Emu [economic and monetary union] has inspired governments to take necessary steps to improve the functioning of the labour market and reduce their role in the economy overall," Mr Duisenberg notes. "This will naturally help fight the unemployment problem - although it will perhaps do so more as a catalyst than as a fundamental factor on its own."

Head of the Dutch central bank since 1982, and also president of the Basle-based Bank for International Settlements (BIS), Mr Duisenberg observes that the Netherlands has "moved from a deficit that stood close to 10 per cent of

GDP in the early 1980s to one of under 2 per cent this year. And precisely during this 10-year period, employment growth was faster than at any time in our post-war years. We have seen strong economic growth and a parallel increase in the flexibility of our labour market as well."

While growth in many countries has been accompanied by a widening of imbalances in how its proceeds are distributed, this has been moderated in the Netherlands by the country's social cohesion. Mr Duisenberg has been widely tipped as the first head of the European central bank, scheduled to supersede the EMI in 1999.

Meanwhile, even at the helm of the EMI, he will rank among the most influential of Europe's economic decision makers. He is a strong supporter of German-style monetary policies, and has sided with Bonn in its insistence that strict limits on budget deficits must be maintained after monetary union begins. This reflects the Netherlands' interest in maintaining its close association with the D-Mark sphere, to which the Dutch guildler has been bound for 15 years through a policy of virtually identical interest rates.

Yet small, highly trade-oriented, and hard currency economies like the Netherlands will not be alone in enjoying Maastricht's benefits, Mr Duisenberg maintains - even if not all countries will qualify to join Emu simultaneously.

"The certainty of fixed exchange rates and the security that this will bring to entrepreneurs will be particularly pronounced for Holland, but all European

economies are dependent on each other for more than half their trade," he says. Mr Duisenberg brushes aside the concern expressed by a growing number of Emu critics - both within Europe and the US - that the currency exercise is profoundly ill-timed.

Mr Rudi Dornbusch of MIT, one of the more forthright among these pessimists, suggested in the October issue of Foreign Affairs that "experimenting with new money is a bad idea at a time when Europe must face the tough realities of abolishing the welfare state, reintegrating millions of unemployed into a normal working life, deregulating statist-corporatist economies, cultivating the supply side of its economy, and integrating Central Europe."

Mr Duisenberg dismisses the implied link between structural adjustments now being undertaken to bolster a strong single-currency regime and Europe's high rates of unemployment. "These have everything to do with the rigidities of the labour market," he maintains. (In his view, Europe's prolonged economic dip reflects cyclical rather than structural factors.)

Other sceptics have suggested that if exchange rates drop out of the economic equation, wages and prices will be left to take up the slack.

"I don't see this as a terribly serious concern. After all, an exchange rate factor between northern and southern Italy? Or, for that matter, between England, Scotland and Wales? Of course not. Besides, one shouldn't overestimate their effectiveness. If you lose



Duisenberg: tipped as first head of the European central bank

competitiveness and try to adjust through a devaluation, it will inevitably accelerate your domestic inflation. It's a one-to-one ratio - there just happens to be a time lag built in."

It is now evident that some countries will qualify for Emu membership before others. This will produce transitional dilemmas of some delicacy. However, Mr Duisenberg rejects any hint that current disagreements over the competitive terms and conditions of access to Emu's Target payments clearing system - specifically access to intraday liquidity from the European Central Bank - are symptomatic of a wider emerging tension between the emerging Emu "ins" and its "outs."

"This is primarily a technical issue. It has political and commercial overtones, to be sure, but I'm not sure how important they will really prove to be. Perhaps some commercial banks will independently decide to transfer their central treasuries and definitively place themselves inside the single-currency area," he suggests.

David Brown

Inward investment: by Clay Harris

# A well-established role

### The Netherlands offers an unrivalled distribution network

The Netherlands knows its place in the world, and it is one that has changed remarkably little over the centuries.

With an economy dependent on trade, and an outgoing-looking business culture and workforce, the Dutch orientation towards international commerce has been constant, from the Golden Age of the 17th century to an era of "value-added logistics".

One manifestation is the country's courtship of inward investors. The effort to attract "footloose" companies to greenfield sites is led by the Netherlands Foreign Investment Agency, part of the Ministry of Economic Affairs. Such projects have accounted for F11bn to F12bn in investments and 3,000 to 4,000 jobs a year in the past two years, according to Mr Jochem Hanse, commissioner for foreign investment.

One of the NFIA's strengths is knowing where competitors have an advantage. For huge labour-intensive projects, a \$1bn investment creating 6,000-12,000 jobs, for example, Mr Hanse admits: "Such projects are not our game. The difference in labour costs will be decisive." Apart from a few limited areas, moreover, the Netherlands does not have the carrot of huge sums in regional aid to dangle before prospective investors.

Mr Hanse is keen above all to avoid attracting companies on false pretences. "It's very harmful if people choose the Netherlands based on the wrong information," he says. Later tranches of expansion by satisfied inward investors are one sign that the NFIA's approach is working.

What the country does offer is an unrivalled distribution network with the world's busiest port at Rotterdam and one of Europe's leading airports at Schiphol. Industrial companies cite its highly skilled workforce, while service groups wanting to set up international call centres - a Dutch forte - are attracted by a huge pool of multilingual recruits. Expatriate managers also remark on the eagerness of many Dutch to work for foreign companies, and the



Hanse: 'adjustments possible'

to provide necessary after-sales service, maintenance and repair.

The principles do not only apply to consumer products. Outokumpu, the Finnish metals group, processes stainless steel at Terneuzen in Zeeland in the south-west of the country. Mr J.C. Klap, the general manager, says the original investment was driven in part by the need to cut transport costs, but it has been reinforced by developments in the market.

The country's bonded warehouse system also fits in with companies' just-in-time needs. Once their internal procedures are approved and licensed by customs authorities, companies are free to move goods without additional paperwork. By taking on this responsibility, subject to spot checks by customs officials, they achieve around-the-clock freedom.

The Netherlands can also offer prospective investors a level of predictability. Companies can get written agreements from tax inspectors about what their liability will be for fixed periods of up to 10 years. These contracts cannot be overridden by subsequent changes in government budgets.

The "social contract" questions that transfix certain Anglo-American views of continental European business have not proved to be a deterrent to investment. For one thing, says Mr Hanse, the Netherlands has a head start on many of its continental rivals in liberalising

its job market. Certainly, the use of temporary or contract employees, with the consent of unions after negotiation, is far more advanced in the Netherlands than in other continental European countries, and gives employers a measure of flexibility.

On another issue that could influence the choice between European countries, Mr Hanse expects the prospective Dutch membership of the "euro zone" - if and when a common currency gets the go-ahead - to attract, rather than repel investors.

One of the few problems with the Netherlands is that there's simply not enough of it - in the right location, anyway. "More land", answers Mr Hanse, when asked what single change would make his job easier.

The main shortage has arisen in the corridor leading from the Randstad - the Amsterdam-Utrecht-Rotterdam conurbation - to the south-east towards the Ruhr. Through this area, which takes in much of the south of the country, run the main transport and distribution links with Germany, the Netherlands' single biggest market. For chemicals companies, especially, access to pipeline networks is crucial.

Mr Hanse is hopeful: "Until now, we have not had to say no to any project, and the corridor is widening". He concludes with a practised phrase: "The Netherlands is almost completed, but some minor adjustments are possible."

The stock market: by David Brown

# Strategy for a single entity

### Amsterdam is defending its position as an international centre

The councils of the Amsterdam Stock Exchange and the Amsterdam-based European Options Exchange (EOE) have punched the "execute" button on a strategic programme to merge into a single operating entity.

The plan is aimed at defending Amsterdam's position as an international financial centre at a time when competition between Europe's capital markets is growing ever more intense.

Provided that details of the plan can be agreed and finalised by members this year, particularly the division of rights and responsibilities under the new regime, then both exchanges will be folded into a new public limited company, Amsterdam Exchanges (AEX), at the start of 1997.

The overall aim of the AEX is to attain better economies of scale and - as one bourse spokesman phrases it - to create "a one-stop shop" for trading in Amsterdam.

Within the new structure, a number of functions associated with clearing, settlement, plus management of the crucial information delivery and exchange systems, will be carried out by independent operating companies under the AEX umbrella. The AEX will also assume day-to-day market oversight.

The membership of the Stock Exchange Association, traditionally dominated by the oligopoly of big Dutch banks, together with that of the EOE, will each divide 25 per cent shareholding stakes in the new company, while the remaining 50 per cent of the shares will be offered to

corporate and institutional investors. In the process, AEX will become Europe's first listed exchange.

Amsterdam's merger initiative is one of several unfolding developments. The illiquid, unlisted Dutch securities market is also to be revamped in response to similar steps undertaken in London (in the form of the Alternative Investment Market), Paris (the Nouveau Marché), and Frankfurt (with its Neue Markt).

The aim is to attract more start-ups on to a new exchange, generate more liquidity, and to bring the local market under Amsterdam's supervisory regime. There is also an effort to coordinate information exchange among all of these new markets across Europe. The operating principle is that remote trades, while encouraged, should be effected and settled in the country in which the start-ups have their listed base.

The Stock Exchange has also introduced a new settlement system to insure that delivery of securities takes place at the same time as the corresponding cash payment - which promises to lower potential settlement risks - while the Options Exchange has had its teaching problems with a costly new trading system known as "Switch" that was originally designed to support simultaneous dealings on and off the floor itself. Already installed, it is now undergoing a substantial reconfiguration.

Whisper of the re-organisational wind that has been sweeping at the surface of Amsterdam's markets are only now starting to penetrate the antechambers of actual power. Corporate governance in the Netherlands remains a highly cartelised affair. However, this is now recognised as an issue that ought, perhaps, be

addressed. The Stock Exchange, in co-operation with the Dutch Association of Stock Exchange Listed Companies, last summer launched a study aimed at defining best practices for company directors and supervisory boards. A report is expected at the end of this month.

The Dutch government has meanwhile proposed a wide-ranging package of anti-cartel measures aimed at opening the economy as a whole - one of which concerns the crucial issue of anti-takeover defences.

The Netherlands retains some of the strictest formal and informal anti-takeover defences in Europe. Despite pressures to partly unwrap this thick and impenetrable swaddle and render management more accountable to shareholders - a compromise plan now awaits political disposition - speculation of the Anglo-Saxon kind remains a foreign phenomenon.

The country has still to see a successful hostile takeover bid.

While Dutch exchanges have avoided the more egregious corruption scandals that have plagued counterparts in Germany and France, they too have had their share of "embarrassments". These have raised concerns about the Stock Exchange's tradition of self-regulation, as well as about the independence of its management.

For example, during the summer, investigations into alleged insider dealing in shares and options on the drinks group Bols Wessanen led to a spate of arrests, not least within the company itself. In mid-October, the dredging and salvage company Smit International also became a focus of possible concern.

Meanwhile, in September, the new Securities Board of the Netherlands (STE) was



The country's bountiful welfare system began to inflict macroeconomic scars in the mid-1970s. Ruud Teegs



## 4 THE NETHERLANDS

■ Transport infrastructure: by Gordon Cramb

# Coalition gives the go-ahead

Public-private partnerships are tackling infrastructural needs

Several big infrastructural projects in the Netherlands have recently gained political endorsement after years of prevarication.

A high-speed passenger rail line from Amsterdam south to Paris, connecting with the Channel tunnel, and another fast train link east to Cologne. An all-freight track serving R&H industry, from a Rotterdam harbour doubled in container capacity. An airport able at peak hours to handle the most flights in Europe.

"It has a lot to do with the new government combination," says Mr Hans van Dord, managing director of Heidemij Advies, part of the country's biggest engineering consultancy. "The inertia is gone - there is the trust and the determination to do something about these big problems in infrastructure."

The ruling coalition of social democrats, reformists and free-marketters brought together two years ago has managed to forge surprising unanimity on what needs to be done to make the Netherlands work. For the left this means creating jobs; for the right it signals business opportunities.

This consensus stretches into the opposition ranks as well: out of 150 members of parliament in The Hague, only about 10 voted against a proposed fifth runway at Amsterdam's Schiphol airport. The case for the runway rests, unusually, on a reduction in noise. Locating it in a less populated area will mean that only 10,000 homes will fall within the most affected zone, compared with 17,000 at present. At the same time, it will provide Schiphol with the ability to treble cargo capacity

to 3m tonnes a year, and handle 120 aircraft movements an hour - more than any competing facility in Europe.

This is of crucial importance to a hub airport for which as many as 39 per cent of its passengers are merely passing through. More than 25m passengers used Schiphol last year, up 7.6 per cent, and the government has imposed a ceiling of 4m which should be reached soon after 2005.

By then, some 5m should be arriving or departing by high-speed train. London would be four hours' rail journey away; Paris and Frankfurt three hours. "We don't regard this as a threat," says Mr Ruud Wever, an airport official. "Considering the other limits imposed on us... it enables more optimal use of our capacity to serve bigger aircraft for other destinations."

Nearly two-thirds of domestic and international freight is conveyed by road

From Amsterdam to London via Brussels and the Channel tunnel is currently a seven-hour trip. A new track is to be built to Antwerp, its route agreed by the cabinet after wrangles with the Belgian authorities on cost and with Dutch interest groups on environmental and commercial considerations.

Unless overturned by parliament it will not, to the displeasure of The Hague municipality, call at the country's seat of government. Instead, it was proposed that the line cut

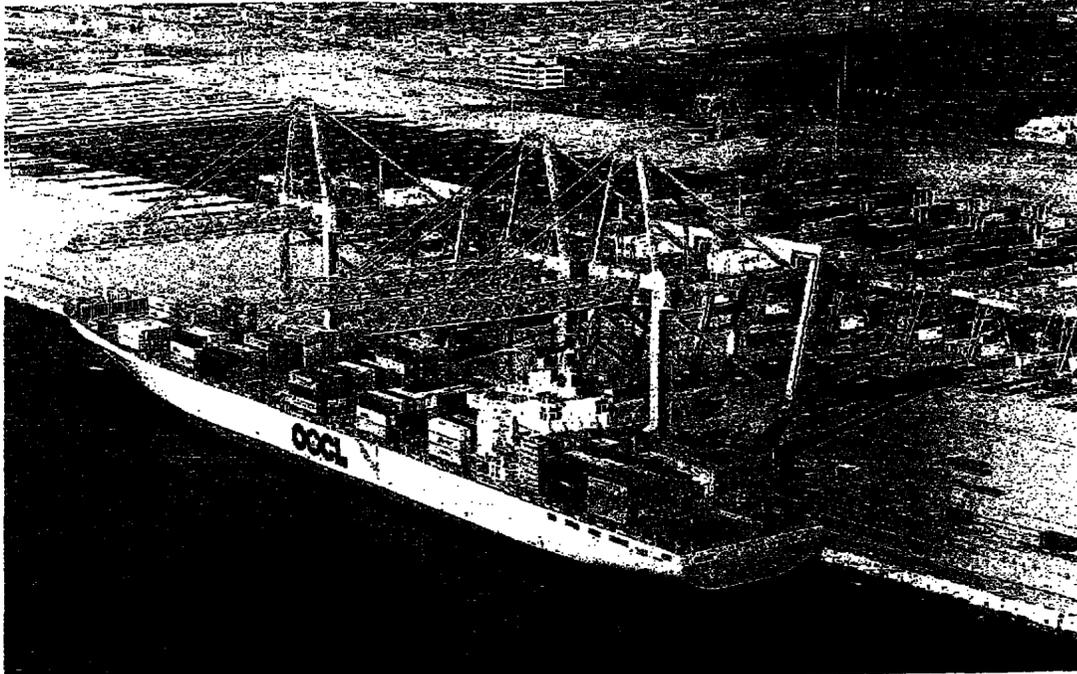
directly through the so-called "green heart" within the conurbation which encircles Amsterdam. The Hague, Rotterdam and Utrecht. To appease environmentalists, an 8km tunnel would shield it from view.

At Ft 7.5bn, it approaches in cost the other most expensive project: the Betuwe line, which will connect Rotterdam port with the German industrial heartland. It will reinforce the position of what has long been the shipment point of choice for many R&H products, to the chagrin of Germany's own ports such as Hamburg and Bremen.

Most of the traffic now goes by road. Nearly two-thirds of domestic and international freight is conveyed along by the country's increasingly congested highway system. While another third is water-borne, rail takes only 2.5 per cent. This month, Mrs Annemarie Jorritsma, transport minister, announced the establishment of a consortium grouping government and industry. To be called ITS Netherlands, its aim is to develop logistical solutions for passenger, goods and information traffic. This follows her allocation of Ft2bn over the next four years "to direct freight transport into the right channels" and alleviate congestion.

As elsewhere, public-private partnerships are being used increasingly to tackle demanding infrastructural needs. A Ft2.2bn investment programme has linked the Rotterdam city authorities with Europe Combined Terminals (ECT), a stevedoring operation which groups international shipping enterprises.

Its centrepiece is the Delta Dedicated East (DDE) terminal, a highly automated facility which had its official opening last month. Employing only 100 people full-time, it handles upwards of 100



The new Delta Dedicated East terminal in Rotterdam was officially opened last month. Employing only 100 people full-time, it handles upwards of 100 containers an hour

containers an hour. Mr Wouter den Dulk, ECT chairman, sees scope within the harbour and environs for nearly a quarter century more of container development.

According to Transport Ministry projections, the port as a whole could be shifting 6m to 7m containers a year by 2020 compared with 3m currently. This is important in maintaining the position of a commercial harbour - still the world's largest - which directly and indirectly provides nearly 40 per cent of jobs in the greater Rotterdam area.

Amsterdam port, a sixth of the size, can nonetheless claim that its presence creates 40,000 jobs; nearly as many as Schiphol. Nissan ships hundreds of thousands of cars a year from there as far as Italy, and it handles the world's largest cocoa trade. The Greek-owned Ceres stevedoring group would like to develop a container terminal. Only the biggest bulk carriers cannot

negotiate its waters. "These two characteristics - a fragile, densely-populated land having to cope with huge additional traffic flows to make a living - explain the extraordinary

attention given to infrastructure issues in the Netherlands," says the Rotterdam-based European Centre for Infrastructure Studies.

Problems arise because it is "common practice to seek

consensus even at the cost of slow planning." And while the Betuwe line and the two high-speed passenger train projects have the weight of Brussels behind them as designated Trans-European Net-

works, "Dutch infrastructure policy will face major problems over the coming years - caught between honouring European commitments and local demands to relieve congestion," it warns.

■ Transport and communications deals: by Gordon Cramb

# Gust of merger activity

Deals are likely to continue emerging as the transport sector is rationalised

Couriers of TNT, the Australian transport and express delivery group, are likely to have been kept busy in the past few months, shuffling corporate documents from the Netherlands to the furthest reaches of the world. A gust of cross-border merger activity has surrounded the Dutch transport, distribution and communications industries.

Destinations for that paperwork have included TNT's own head offices in Sydney. KPN, the privatised Dutch posts and telecoms utility, last month launched a Ft2.7bn friendly bid for the Australian parcels group.

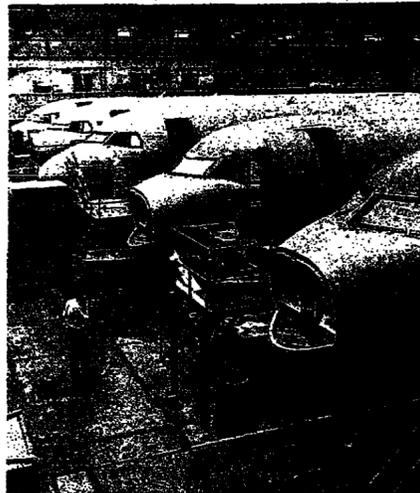
In what at times has felt like a sector reinventing itself, three main trends can be discerned. First, the country's expertise in modern logistical services is proving highly exportable. Boards of quoted public companies in other western markets have in a number of cases been happy to recommend takeover bids made by Dutch-based rivals.

Second, in older-style, capital-intensive service businesses such as maritime shipping, international alliances are needed to meet competitive pressures. Third, manufacturing of transport equipment is not something that a stand-alone company can any longer readily undertake, if it has to pay the Netherlands' relatively high wages. Such producers will go into foreign ownership, or go under. Sometimes both. And the order varies.

So as Fokker's remaining few hundred workers waited to hear on what terms Samsung of South Korea might be prepared to rescue the aircraft maker from bankruptcy, Daf Trucks this month accepted a Ft933m offer from Paccar of the US. Daf, itself bailed out by the government from receivership 3½ years earlier, said the sale of the company offered "a broad array of opportunities which we could not realise independently." It sought to reassure its 5,000 staff by saying that while this allowed shared technology and sourcing, the business would continue as it was. But local commentators were sceptical.

Job cuts were clearly visible on the horizon as the Rotterdam-based Nedlloyd and P&O of the UK in September agreed to combine their container shipping activities into the world's largest such operator. They went on to agree the purchase by the British company of Nedlloyd's half share in their North Sea ferry services, run jointly for the past 15 years.

On cross-Channel passenger routes, the reshuffle will help P&O address the challenge of high-speed rail and airline price cutting. The combined container unit



Fokker was already under foreign control. Lijta van der Meer.

aims to pare costs and reap economies of scale in what is a low margin business.

At the same time, more of the world's traffic in bulk freight came under Dutch control as a result of the Ft521m agreed purchase by Pakhoed of Univar, the biggest North American distributor of chemicals. Pakhoed, as a result, became world leader in that sector, and is already adding further storage capacity in the US. Van Ommen, Pakhoed's chief domestic rival in the bulk storage business, this month said it wanted soon to expand its shipping side through a partnership or takeover.

Nothing in the freight business could be further removed from bulk chemicals than overnight courier and parcel services. The bid for TNT by KPN highlighted not only Dutch ambitions in the sector but also how entrepreneurial a utility can become only two years after privatisation. Standard & Poor's, the US credit rating agency, said the deal gave KPN "a strategic opportu-

nity to create a leading European-based time-sensitive freight business."

The KPN telecoms division has been spending the year collecting stakes in operators from Ireland to Indonesia. It is on a shortlist to become the partner which Telkom of South Africa needs to help it meet demand from black townships.

KPN's expansion is needed to offset lower domestic revenues after its monopoly on fixed-line phone services within the Netherlands expires next July. Cable television operators and regional energy companies are among those which are to be awarded licences by the end of the year - as is BT of the UK in a joint venture with NS Telecom, an offshoot of the state-owned railways.

The rail network, too, is feeling the first breaths of competition. Lovers, a company which had previously confined itself to running tourist barges on the Amsterdam canals, in August launched the coun-

try's first private train service and is seeking permission to enter five more routes next year, including a connection to Schiphol airport.

In the skies, KLM's long-standing alliance with Northwest Airlines appeared to have weathered the worst of a storm last winter when the US carrier erected defences against a possible takeover by its partner. This deprived KLM of voting power for its full 25 per cent stake in NWA, but the Dutch side - since faced with transatlantic link-ups such as that between British Airways and American Airlines - is anxious to nurture the relationship.

A takeover of Fokker by Samsung was eagerly awaited, but with qualms about what guarantees the state would get - on issues such as jobs and technology - in return for the Ft1bn injection the Korean conglomerate was said to be asking.

As outlined in leaks of the confidential business plan Samsung presented to the Economics Ministry, for its money the government would get a 15 per cent stake in Fokker. A holding of similar size would be offered to Stork, the local industrial group which paid Ft302.5m for Fokker Aviation, its profitable maintenance and services arm.

Fokker was already under foreign control - its collapse came when Germany's Daimler-Benz declined early this year to fund the then subsidiary any further.

The Dutch government made clear it would not keep Fokker aloft on its own, in the way that its purchase of a 40 per cent stake put Daf Trucks back on the road. The state also owns a third of NedCar, Daf's former car plant which now produces Volvos and Mitsubishis.

The Swedish and Japanese partners are thought to be bagging with the government over terms on which they might buy it out. With the rationalisation of the transport sector thus incomplete, the deals are likely to keep on coming.

# Subscribe to the FT in The Netherlands now

## and get the first 4 weeks free.

Take advantage of this special introductory offer and have the Financial Times personally delivered to your office every morning at no extra charge and you can start the day fully briefed and alert to all the issues that influence or affect your market and your business.

Hand delivery services are available in all major cities throughout The Netherlands.

Place your order now by completing the coupon below and faxing it on (020) 623 55 91 or by post to Financial Times (Benelux) Ltd., Herengracht 472, 1017 CA Amsterdam.

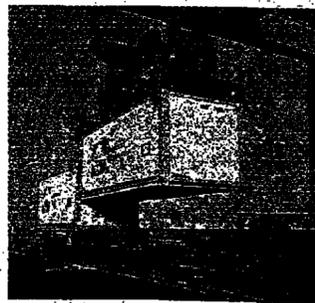
To : Financial Times (Benelux) Ltd., Herengracht 472, 1017 CA Amsterdam. Tel: (020) 623 94 30.  
 Fax: (020) 623 55 91. Yes, I would like to subscribe to the Financial Times and enjoy the first 4 weeks free.  
 Please enter my subscription for 12 months at DFL 995 (exclusive of 6% VAT) saving me 28% on the retail price. I will expect delivery to start within 7 days and await your invoice.

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 Tel: \_\_\_\_\_ Fax: \_\_\_\_\_  
 Signature: \_\_\_\_\_ Date: \_\_\_\_\_

(No order accepted without a signature) Nbr/71

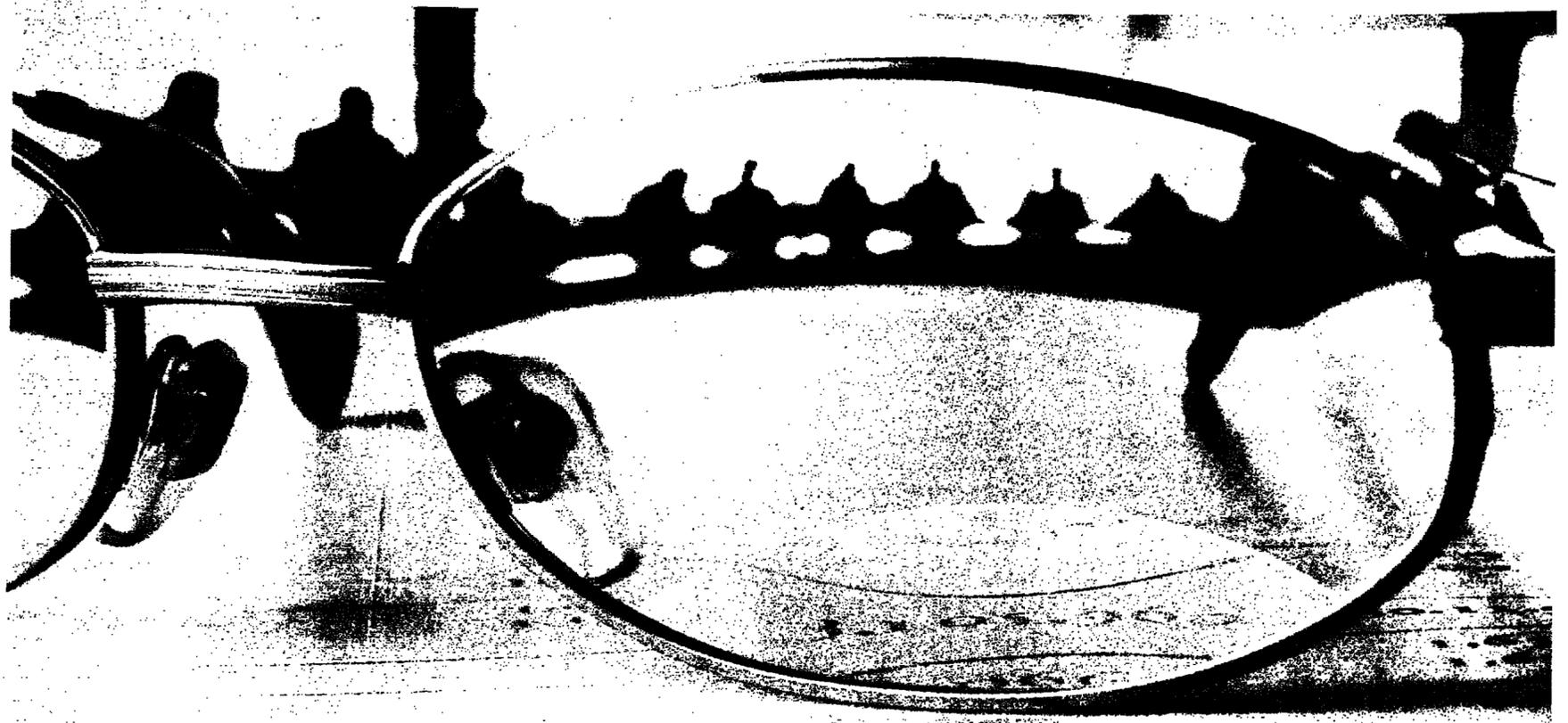
Financial Times. World Business Newspaper.

## Ceres chose Amsterdam



for its container transit terminal, because of the modern facilities, the deep-sea location, and the excellent road, rail and waterway connections.

Port of Amsterdam. More than just a port



There's one expense item on which your company could realise considerable savings.



An expenditure that doesn't immediately come to mind.

Because it's in a place you don't go to very often. Your stockroom.

Chances are you've got piles of printed matter sitting in there. Printed matter that continues to cost you money even after it has been produced. Because it's taking up valuable space. What's more, it's probably turning into scrap paper in the process. Either



because the information that's printed is no longer valid. Or simply because too much was printed in the first place.

At Océ we had the idea that there ought to be a better way. And now, not only do we have the idea, we also have the solution.

We call it printing-on-demand. You push the button and your Océ printer produces printed matter on terms you wouldn't dare ask of your



average print shop. Completely up-to-date, inexpensive, fast and in the exact quantity you need.

As an added bonus, all your printing information is stored digitally. So you can implement changes any time you want. Such as alterations to your corporate design, to your address or to technical details. You can even personalise documents.



Printing-on-demand is just one example

of how Océ thinks things can be better. Better meaning not only smarter, but also more reliable and user-friendly. And frankly,

we'd much rather you saved a fortune than wasted one.

To find out more, take a look at our web site: <http://www.oce.com>



Smart solutions in copying, printing and plotting.

Every year you waste a fortune. You just don't know it yet.

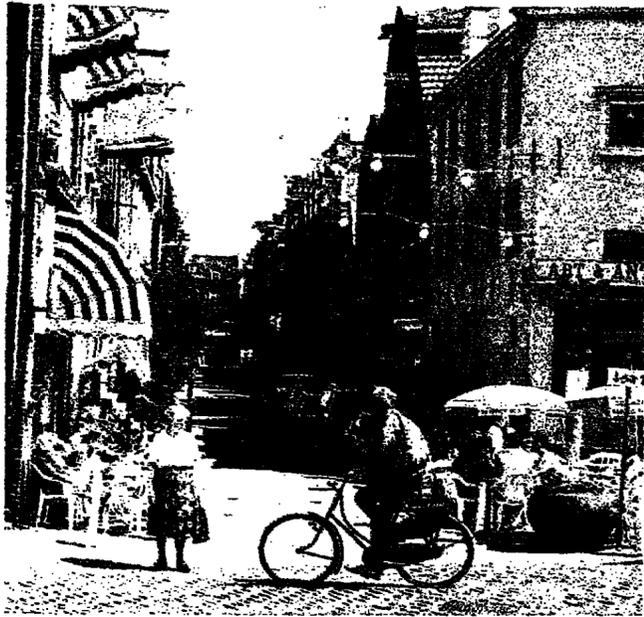
activity



oce & matercam

More than just a printer

6 THE NETHERLANDS



A question of perception: Convivial bars and cafes... or pricey restaurants? Picture: Lydie van der Meer

Two lists from Amsterdam

*"An Amsterdam posting? Absolutely. Splendid place. Been there for the odd long weekend. Odd? Come to mention it, it did turn out a bit that way once or twice... but let's not go into that now. Thinking of expanding our presence there, you say? I agree, good location for our people. Tell you what, you send Gordon Cramb attempts to do just that."*

What the visitor sees	What the expatriate finds
Venice of the North	Any premises you might buy are likely to be subdividing
Rembrandt and Van Gogh	Graffiti on your front door
Tulips at every corner	The PIT cuts you off two days after connecting you; your carriage is under siege from backpackers
Phones and trains work fine	Two-year wait for a central Amsterdam parking permit by car
Easy to escape into the country	The bicycle is king
The bicycle is king	Pricey restaurants; stodgy food
Many convivial bars and cafes	A wait-to-be-served economy. And wait. And wait. Apartment bereft of light fittings and curtain rails
A service economy	Hungry accountants
Hotel room with all mod cons	Tax inspectors who speak very clear English
Favourable tax breaks	Except the people from whom you are trying to buy light fittings and curtain rails
Police who speak English	No staff at all, unless you're prepared to pay cash. In hand, a big fee to a temp agency, or offer a lifelong contract
Everyone speaks English	Beyond the red light district and the gay bars, the amber light of political correctness flashes just about everywhere
Helpful local support staff	The junkie who sleeps on your doorstep expects you to fund his habit because he sweeps the step too (what he's capable)
Sex	"Blowing in the wind" is warbled from every pavement as tin mug solicits contributions. But Oasis has given the hippie strummer his first repertoire extension in 25 years: they all now do "Wonderwall". Amsterdam is rejuvenated. Rejoice.
Drugs	
Rock 'n roll	



Drugs: available on the doorstep Picture: Tony Andrews

PROFILE NCM Holding

Early signs of recovery

By the very nature of its business, NCM Holding, the Dutch credit insurer, has broad horizons. Founded in 1925, it was one of the first national champions in the sector to spot and capitalise on an emerging trend towards liberalisation, buying the short-term business of Britain's Export Credits Guarantee Department when it was privatised in 1991.

But the increasing pace of competition, the rapid evolution of information technology, a need to consolidate after a rapid international expansion and change at the top have combined to put the company into an introspective mood this year.

A "re-engineering" exercise undertaken with the assistance of McKlusey & Co, management consultants, led earlier this month to NCM's announcement that it would lose 225 jobs: more than 15 per cent of the total. The redundancies are only part of the changes on the short-term side of NCM, which is being re-organised into business units.

The company had already changed its medium-term business from being based on the industrial sectors of its customers, such as capital goods, aircraft and shipbuilding, to the geographic location of their buyers. It also created a special unit for project financing, backed up one or two experts in each sector, according to Mr Anne van't Veer, managing director of the medium-term business.

NCM has signalled, however, that such internal reviews will not obstruct its expansion if the right opportunity arises. This month NCM also announced the purchase of the remaining 75 per cent of EKR Kredietverzekering, the

dominant Danish credit insurer. It had bought a 25 per cent stake in April 1995. EKR not only covers 25 per cent of Danish exports, and accounts for 80 per cent of the country's credit insurance, but it also brings synergies in underwriting, in sectors such as fish and meat products.

The change at NCM is manifested nowhere more than in its plans for information technology. "Information is essential in every regard to NCM's strategy," says Mr Gerard van der Stelt, one of two managing directors of short-term credit business in the Netherlands. "It is essential that our databases be integrated and be accessible to any NCM underwriter wherever he or she may be. That is a huge undertaking and it's about to go live at the end of the year."

For the first time, underwriting specifications will be done to a standard format. The database at NCM's Dutch headquarters, more attuned to domestic business, and that at NCM (UK), more export-oriented, both have 1m buyers. Until the integration, however, someone in Amsterdam had to call Cardiff to find out what was on the British database.

The project was undertaken by Oracle, the software company, but Mr van der Stelt points out: "A lot of functions that have been included in this database are home-grown, built and designed by ourselves."

The system is designed not only for internal

communications but as a sales tool for policyholders who want more information, more quickly, about their potential customers. NCM is still feeling its way about how much access to give them, without breaching the confidentiality of the information. "We're always testing the boundaries and our customers are always asking for more," admits Mr van der Stelt.

While he maintains: "We're not primarily in the information business; it's part of the product we deliver" - the NCM Profound service is offered as an extra to customers, at a price - he acknowledges: "We're entertaining the idea of selling it to non-customers as well", to get a foot in the door.

Innovation is not limited to IT: NCM has developed reinsurance facilities to offer political risk coverage without a link to the government of the selling country. This gives it a better ability to offer "one-stop" shopping to multinationals, but whether they actually want it depends in part on how centralised each company's corporate culture is.

Change was also in progress at NCM because it had new leadership. In 1994, its chairman, Mr Harry Groen, then aged 50, announced his plan to retire. He had worked for NCM for 30 years and dominated its culture. He was succeeded in June 1995 by Mr Maarten Hulshoff, a man only three years his junior, who had spent much of his career with Citibank.

higher claim rates and competitive pressures on premiums, had created a financial squeeze. In 1995, it wrote off F1 44.8m in extraordinary costs compared with an operating profit of only F1 33m. This pulled NCM into its first loss since 1983, and it passed its dividend. International expansion led to start-up losses at a number of branches in 1995. The company told shareholders last year it did not expect to reach break-even until 1997.

By earlier this month, however, signs of recovery were in sight. NCM reported an interim after-tax profit of F1 13.8m compared with a loss of F1 5.9m in the first half of 1996.

But claim rates in Germany, up to 75 per cent in the first six months of this year against 62 per cent in all of 1996, continued to exert pressure. In such cases, NCM says, it has two main options: to increase premiums or tighten underwriting. In general, it has taken the latter course, setting limits on insured risk and encouraging customers to strengthen the language in their contracts.

NCM's annual report last year pulled no punches when it said 1996 "will make great demands on the commitment and adaptability of our staff." The company now hopes the uncertainty is behind it and it can look forward.

"Competition is a good thing," says Mr Marcel Wendrich, NCM's corporate communications director. "It makes you sharper and it's good for the customers. The situation is changing rapidly. Clients will benefit from it. Shareholders will benefit from it. We're confident the company will benefit from it."



Clay Harris



Tulips at every corner Picture: UFF



Graffiti... or art? A special clean-up bus tours Maastricht Picture: Lydie van der Meer



The bicycle may be king... but it is frequently stolen Picture: Lydie van der Meer

PROFILE AT&T-Unisource

Complexity starts at home

"Management of complexity" will be one of AT&T-Unisource's main selling points to customers in the increasingly competitive European telecommunications market, according to Mr James Cosgrove, its chief executive officer.

But that task starts at home, for AT&T-Unisource is without peer in the complexity of the cross-national alliance it is trying to create.

Its headquarters at Hoofddorp, within sight of the southern edge of Amsterdam's Schiphol airport, sits on a new estate where streets are named after planets and stars. The challenge for Mr Cosgrove, a 22-year veteran of AT&T, and his colleagues will be to keep a galaxy of bodies in their proper orbits.

Unisource itself is equally owned by four European telecom groups: KPN's PTT Telecom in the Netherlands, Telia of Sweden, Swiss Telecom PTT and Spain's Telefonía. The participation of the Spanish company is subject to final approval by the European Commission, depending on the Madrid government's liberalisation plans for the Spanish telecoms market.

In turn, Unisource owns 60 per cent and AT&T 40 per cent of a joint venture, AT&T-Unisource Communications Services (known as Unisource in a transitional stage), which offers integrated voice, data and messaging services to multinational companies operating in Europe. Unisource and its US partner each owns a 50 per cent share in AT&T-Unisource Participations, which holds investments in other companies. Other Unisource businesses, such as Card Services, remain outside the scope of the joint ventures with AT&T.

To add to the complexity, each of the European home countries has a Unisource Business Network which integrates all the data services for customers in its market.

At the next level down, the respective domestic PTIs, such as PTT Telecom in the Netherlands, acts as distributor, as well as



James Cosgrove: an entrepreneurial investment opportunity

out of individual companies. This is helping to create a corporate identity in a company which has no nationality. "Half of alliances don't work because of cultural issues," Mr Martin says. "Working practices of two years have ironed that out remarkably well. We have learned that you have to see this thing as a common operation. Otherwise too many bad compromises can be made."

Mr Henk Koning, now managing director of Unisource Business Networks Nederland, was one of the first participants in the PTT Telecom international project in 1991, which led in stages to Unisource. He has seen a similar evolution as each new partner joined. "Equal positions are one of the strengths; we each have peers in the organisation," he says.

In spite of this emerging culture, Hoofddorp is without doubt the hub, which may require some finesse to avoid the company being identified as too "Dutch".

"The only divisional headquarters to be located elsewhere is that for multimedia, previously part of AT&T, which will remain in Geneva."

Mr Cosgrove, however, is openly enthusiastic about the Netherlands as a home base.

"We're fortunate to be in Holland. It is an extremely favourable society for absorbing the non-Dutch. There is a high degree of acceptance, not just tolerance, of multinational diversity."

"Although he inherited Hoofddorp, he says he would choose it again even if starting from scratch. Its proximity to Schiphol - on the side away from Amsterdam and traffic - is a huge advantage.

Relationships among the Unisource partners and between them and AT&T are likely to remain a matter of sensitivity. The question of how - or whether - to punctuate the company's name was debated until the conclusion was reached that a hyphen carried exactly the right nuance.

to huge research and development resources, and its global WorldPartners links. Yet its alliance with Unisource tones down its American accent just enough to allay any European concerns about an aggressive US giant.

It brings the best of both worlds, Mr Cosgrove argues: "You have to be European to play in Europe and yet you have to offer global solutions." He welcomes the "aggressive smallness" - in relative terms - of the Unisource partner.

From the Hoofddorp centre of AT&T-Unisource's spinning solar system, Mr Cosgrove sees the company as an entrepreneurial investment.

It has elements both of a confederation and of a start-up company, but more of the latter. It is like a start-up in that it requires business plans, "milestones" and regular reports to investors, yet it has the ability to pull resources and expertise from shareholders. The five shareholders have diverse interests, Mr Cosgrove concedes, but he can cherry-pick personnel



# Make Amsterdam your choice!

Every port will tranship your cargoes. At the Port of Amsterdam, we do much more. And successfully. In the first half of 1996 alone, we grew by 7,3 %. By offering more. Thanks to our creative and innovative approach, Amsterdam offers genuine added value, with excellent processing, trading and corporate facilities.

We have the vision and versatility to provide our customers with all the resources they need.

We are continually expanding and investing to meet the need for extra services. Amsterdam has specialist facilities for coal, foodstuffs, paper, frozen goods and cars. As well as steel, chemicals and minerals, containers and cruise ships. It offers direct access to Europe's large consumer markets. In addition, the port houses the headquarters of many international companies. It would make an excellent base for your company, too.

If you are looking for more than just a port, why not think of Amsterdam?

PO Box 19406  
1000 GK Amsterdam  
The Netherlands  
tel. + 31 20 523 87 27  
fax. + 31 20 620 98 21

port management of amsterdam

## Port of Amsterdam. More than just a port

CURRENCIES AND MONEY

Battered yen hits three-and-a-half year low

MARKETS REPORT By Simon Mopier The yen resumed last week's slide, closing at a 42-month low against the dollar and just off its 44-month worst against the D-Mark in London yesterday.

hurting exports. Sterling rose sharply for most of the day, touching DM2.459, but after late profit taking it closed in London at DM2.451, having added 0.7 pfennigs to its Friday gains of 2.1 pfennigs.

20 has strengthened the Liberal Democratic Party, which is wary of fiscal stimulus, while the Bank of Japan said last week that it expected to keep interest rates low.



Mr Megyesi says this autumn's growth has nothing to do with last summer's G7 decision to support the dollar. Rather, a range of central banks seems to have been buying dollars, not in order to prop up the US currency but so as to weaken their own.

in the second quarter was just \$4.2bn. Mr Megyesi says this autumn's growth has nothing to do with last summer's G7 decision to support the dollar.

banks seem to be buying dollars, the chance of a sudden collapse in the currency is reduced, he says. Despite yesterday's Bank of Canada rate cut, the Canadian dollar closed unchanged in London at C\$1.944 to the US dollar.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Country, Currency, Bid/Offer, etc. Lists various currencies and their spot and forward rates against the pound.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Country, Currency, Bid/Offer, etc. Lists various currencies and their spot and forward rates against the dollar.

CROSS RATES AND DERIVATIVES

Table showing exchange rates for various currencies (e.g., DM, SF, Yen) and their derivatives.

UK INTEREST RATES

Table showing London money rates for various terms (overnight, 7 days, 1 month, etc.).

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

WORLD INTEREST RATES

Table showing money rates for various countries and currencies.

EURO CURRENCY INTEREST RATES

Table showing interest rates for various Euro currencies.

THREE MONTH EURO CURRENCY FUTURES

Table showing futures prices for three-month Euro currencies.

THREE MONTH EURO CURRENCY FUTURES

Table showing futures prices for three-month Euro currencies.

BERKELEY FUTURES LIMITED advertisement with contact information.

Union Futures Options - Forex advertisement.

Market Eye advertisement for real-time data.

FAST 64 KBIT SATELLITE TECHNOLOGY advertisement.

KNIGHT-RIDDER'S FUTURES MARKET DATASET advertisement.

SHARES - TAX FREE advertisement.

Fast Fills, Low Rates advertisement.

OFFSHORE COMPANIES advertisement.

MURFACE advertisement.

Signal advertisement for real-time quotes.

CITY INDEX advertisement.

Petroleum Argus advertisement.

Daily Mail and General Trust plc advertisement.

Republic of Poland advertisement for U.S. \$2,970,214,000 Due 2024.

Republic of Poland advertisement for U.S. \$137,556,000 Due 2009.

BRITANNIA BUILDING SOCIETY and FT CITYLINE advertisements.

COMMODITIES AND AGRICULTURE

Liffe may take on olive oil futures

By Deborah Hargreaves

Olive oil futures and a soft and agricultural commodities index are new products being considered by the London International Financial Futures and Options Exchange for its newly acquired commodities section. "We are looking at the long-term potential of several projects, but we have to do the research to see what's viable," said Mr Clive Furness, director of commodity products. Liffe merged with the London Commodity Exchange in September, bringing futures contracts on coffee, sugar, cocoa, wheat and freight futures under its auspices. Although the commodities contracts continue to be traded on a separate floor, 70 companies have bought the special "F" shares which allow them to trade commodities products. "We have to make our products visible and accessible to financial traders, but a lot of them started off in the commodities markets in the first place," said Mr Furness. Mr Furness is now working on a business plan for developing commodity products that will be put to the Liffe board on November 19. Commodities traders are hoping their merger with Liffe will give them wider access to the huge pool of cash controlled by managed futures funds. Mr Furness is working on a plan to market the commodity contracts to these funds, which are very active in the Liffe market. The extra business that could be attracted to commodities is shown by the ratio of futures business to the amount traded in the physical market. This ratio is seven to one in Liffe's cocoa futures, but 11 to one for a similar product traded on New York's Coffee, Sugar and Cocoa Exchange. The ratio for Liffe coffee futures is four to one. Mr Furness is also working on an options management system to update its process of pricing up options at the end of the day's trading. Over the longer term, he would like to develop a soft and agricultural commodities index that would be based on a weighted basket of futures contracts. Mr Furness also believes the futures contract on the Baltic freight index has enormous potential. This contract currently trades 100 to 200 lots a day, but if the ratio of futures to physical business was only one to one, it could trade 7,200 a day.



Pitched battle: residents of Olympiada defend their archaeological heritage against TVX's plan to establish a \$200m gold extraction plant in the area

TVX gold project faces further delay

By Kerin Hope

TVX Gold's troubled \$200m investment project in northern Greece faces further delay after the discovery of an ancient city on the proposed site of a gold extraction plant. Residents of Olympiada - a village close to the Canadian company's concession area - claim the plant would prevent the development of a local tourist industry based on the area's rich archaeological heritage. TVX had been hoping for a respite after local protestors removed their blockades on the road leading to the Olympiada mine. The residents were placated when the government announced an independent inquiry into TVX's concession area. Excavations have been started already at Olympiada to unearth the city of Stageria, where the philosopher Aristotle was born in 384BC. The second ancient city on the site of the planned gold extraction plant was discovered after the Greek archaeological service won a court order to survey the area around the Olympiada mine. The latest find underlines the difficulties investors face in setting up greenfield projects in Greece, which has a profusion of ancient remains and an important tourist industry. The TVX project is one of the largest industrial investments in Greece for more than 20 years. In December TVX paid \$44m for the assets of Cassandra Mines, a bankrupt lead and zinc ore producer, in a deal agreed with the Greek development ministry under the country's privatisation programme. The company planned to refurbish mines at Olympiada and Stratonos, another seaside village, to carry out further prospecting and build a plant to extract gold from a 200,000-tonne stockpile of ore residue with pressure oxidation technology. TVX, which operates gold

mines in Canada, the US, Brazil and Chile, has said that reserves at the Cassandra mines are estimated at 4.4m ounces of gold. The plant would process 300,000oz of gold equivalent a year, with an estimated recovery rate of more than 90 per cent. Despite the socialist government's pledge to expedite the project, TVX Hellas was unable to gain access to the Olympiada mine from January until last week because of the road blocks. Earlier this month, the company threatened to shut down operations at Stratonos and lay off several hundred workers. Last week, Ms Anna Diamantopoulou, Greece's development under-secretary, announced the independent study, which she said would decide the location of the plant. Igme, a state mining-research institute, is expected to carry out the study, which should take about three months. TVX's concession covers about 300 square miles of forest on the Chalcidice peninsula. Because the area was an important source of timber and minerals in antiquity and is still sparsely populated, it has a high density of ancient settlements, many of them unexplored.

Exchanges urged to help EU farmers

By Alison Maitland

European commodity exchanges need to make strategic alliances and promote new contracts to give farmers in the European Union the risk management tools they need as governments withdraw financial support for agriculture, a London conference heard yesterday.

Mr Lamou Rutten, responsible for risk management policies at the UN Conference on Trade and Development, said the next round of world trade reforms and the eastward enlargement of the EU meant that "within a decade, farmers will have to learn how to stand and walk on their own".

New agricultural contracts introduced by European exchanges had not been particularly successful, he told a meeting on risk management in European agriculture organised by ICM, an international conference company.

It would take time for new contracts to be accepted, but there was no reason for European exchanges "to play second fiddle" to the US. "An enlarged Europe is a larger producer of many agricultural commodities than the US," he said. "Exchange management, promotion and strategic alliances would determine Europe's success." He suggested the EU could learn from Mexico, which continued price support for farmers and processors for a transition period after deciding in 1989 to reduce its role in agricultural marketing.

For four years, Mexico paid local processors the difference between a government-set local price for grains and the price of the imported commodities, heiding most risks with the Chicago Board of Trade.

Crude oil rallies on rumours of Amoco gasoline buying

By Robert Corzine and Philip Coggan

Crude oil prices rallied yesterday on the back of strong buying of gasoline in US gulf coast markets. The price of the benchmark Brent Blend for December delivery was quoted at about \$24.60 a barrel in late London trading, up 38 cents. Analysts said the latest rally was spurred by rumours that Amoco, the US oil company, had been buying gasoline in gulf coast wholesale markets for the past week because of problems at its large refinery complex in Texas.

Heating oil prices, which have underpinned the crude oil rally over the past month, firmed in north-west Europe as Turkish buyers entered the market. In the US, traders awaited news from a planned meeting between Ms Hazel O'Leary, the energy secretary, and legislators on her talks with oil industry representatives.

On the London Metal Exchange, copper consolidated above the \$2,000-a-tonne level that it breached last week. Late liquidation restrained the price, which faltered after reaching a seven-week high of \$2,042. Mr William Adams, research analyst at Rudolf Wolff, said the metal's rally from \$1,900 on October 17 had been inspired by stock draw-downs, generally thought to be caused by the Chinese government topping up its stocks. Aluminium, like copper, faded yesterday. Last business was at \$1,415.50 a tonne, down \$19, while nickel rose on the back of chart-

based buying, after the metal pushed through \$7,250 a tonne on Friday. The price passed \$7,300, a level at which some traders had previously sold short - sold metal they did not own in the hope of buying it back at a lower price. The price rose further as they covered their positions, to close at \$7,405, up \$138.

COMMODITIES PRICES

BASE METALS

Table with columns for metal type, price, and change. Includes LONDON METAL EXCHANGE and ALUMINIUM 99.7% PURITY.

Precious Metals continued

Table with columns for metal type, price, and change. Includes GOLD COMEX and SILVER COMEX.

GRAINS AND OIL SEEDS

Table with columns for grain type, price, and change. Includes WHEAT LFFE and SOYABEAN OIL.

SOFTS

Table with columns for soft type, price, and change. Includes COCOA LFFE and COFFEE LFFE.

MEAT AND LIVESTOCK

Table with columns for meat type, price, and change. Includes LIVE CATTLE CME and LIVE HOGS CME.

LONDON TRADED OPTIONS

Table with columns for option type, price, and change. Includes ALUMINIUM and COFFEE LFFE.

ENERGY

Table with columns for energy type, price, and change. Includes CRUDE OIL NYMEX and HEATING OIL NYMEX.

CRUDE OIL NYMEX

Table with columns for crude oil price, price change, and volume.

POTATOES LFFE

Table with columns for potato price, price change, and volume.

FRUIT AND VEGETABLES

Table with columns for fruit/veg type, price, and change.

OTHER COMMODITIES

Table with columns for commodity type, price, and change.

PRECIOUS METALS

Table with columns for precious metal type, price, and change.

UNLEADED GASOLINE

Table with columns for gasoline price, price change, and volume.

UNLEADED GASOLINE

Table with columns for gasoline price, price change, and volume.

UNLEADED GASOLINE

Table with columns for gasoline price, price change, and volume.

UNLEADED GASOLINE

Table with columns for gasoline price, price change, and volume.

UNLEADED GASOLINE

Table with columns for gasoline price, price change, and volume.

UNLEADED GASOLINE

Table with columns for gasoline price, price change, and volume.

JOTTER PAD

A grid for a crossword puzzle with numbers indicating starting positions.

CROSSWORD

No.9,211 Set by QUARK

A crossword puzzle grid with some letters filled in.

- ACROSS: 1 The jester's bold but rash... 2 Top dog to chew noisily? (5)...



Offshore Funds and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

FT MANAGED FUNDS SERVICE

LUXEMBOURG (SIS RECOGNISED)

Table listing various Luxembourg funds including Fidelity Funds - Const., Mercury Asset Management SA - Const., and others. Columns include fund name, price, and other details.

Table listing various Luxembourg funds including Mercury Asset Management SA - Const., Midland Int'l Growth Fund (SICAV) (MIF), and others.

Table listing various Luxembourg funds including Midland Int'l Growth Fund (SICAV) (MIF), Midland Int'l Growth Fund (SICAV) (MIF), and others.

Table listing various Luxembourg funds including Midland Int'l Growth Fund (SICAV) (MIF), Midland Int'l Growth Fund (SICAV) (MIF), and others.

Table listing various Luxembourg funds including Midland Int'l Growth Fund (SICAV) (MIF), Midland Int'l Growth Fund (SICAV) (MIF), and others.

Table listing various Luxembourg funds including Midland Int'l Growth Fund (SICAV) (MIF), Midland Int'l Growth Fund (SICAV) (MIF), and others.

Table listing various Luxembourg funds including Midland Int'l Growth Fund (SICAV) (MIF), Midland Int'l Growth Fund (SICAV) (MIF), and others.

Table listing various Luxembourg funds including Midland Int'l Growth Fund (SICAV) (MIF), Midland Int'l Growth Fund (SICAV) (MIF), and others.

LUXEMBOURG (REGULATED)

Table listing various Luxembourg funds under the 'REGULATED' category.

OFFSHORE INSURANCES

Table listing various offshore insurance policies and providers.

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4378 for more details.

Main table listing various fund categories such as Global, UK, and Offshore funds, with columns for fund name, price, and other details.

Advertisement for ForTE Posthouse, featuring a silhouette of a person and text: 'Shouldn't your company spend less on hotel bills? If your company books over 250 nights hotel accommodation a year, call now and find out about the great savings on our Corporate Rate Programme.'

OTHER OFFSHORE FUNDS

Table listing various offshore funds including ATSP Management Ltd, AXA Asset Management, and others.

MANAGED FUNDS NOTES

Notes regarding fund performance, risks, and contact information for the FT Managed Funds Service.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, price, and change.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, price, and change.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector with columns for company name, price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, price, and change.

CHEMICALS - Cont.

Continuation of Chemicals sector table.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, price, and change.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector with columns for company name, price, and change.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector with columns for company name, price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of Electronic & Electrical Eqpt sector table.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

ENGINEERING - Cont.

Continuation of Engineering sector table.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries sector table.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, price, and change.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector with columns for company name, price, and change.

HEALTH CARE

Table listing companies in the Health Care sector with columns for company name, price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods sector table.

INSURANCE

Table listing companies in the Insurance sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

In Europe's crowded skies, Rockwell Avionics plays a key role in promoting safety and efficiency.



COMPANIES

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, and % Chg.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Chg.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Chg.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Chg.

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, and % Chg.

MEDIA

Table listing media companies with columns for Name, Price, and % Chg.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Chg.

OIL, INTEGRATED

Table listing integrated oil companies with columns for Name, Price, and % Chg.

OTHER FINANCIAL

Table listing other financial companies with columns for Name, Price, and % Chg.

PAPER, PACKAGING & PRINTING - Cont.

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Chg.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Chg.

PROPERTY

Table listing property companies with columns for Name, Price, and % Chg.



PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Chg.

RETAILERS, FOOD - Cont.

Table listing retailers and food companies with columns for Name, Price, and % Chg.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Chg.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Chg.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and % Chg.

TELECOMMUNICATIONS - Cont.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for Name, Price, and % Chg.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Chg.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Chg.

WATER

Table listing water companies with columns for Name, Price, and % Chg.

AIM

Table listing AIM companies with columns for Name, Price, and % Chg.

AIM - Cont.

Table listing AIM companies with columns for Name, Price, and % Chg.

AMERICANS

Table listing American companies with columns for Name, Price, and % Chg.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Chg.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Chg.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Ecol, part of Financial Times Information. Company quotations are based on those used for the FTSE Actuaries Share Index. Closing bid-ask prices are shown in parentheses. Note that bid-ask spreads are shown in pence unless otherwise stated. Where shares are denominated in other currencies other than sterling, this is indicated in the name. Symbols indicating dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend cover are indicated on Monday. Market capitalization shown is calculated separately for each line of stock quoted. Strategy used in calculations are based on ICAI Wealth Management. Share prices are based on latest annual reports and accounts and, where possible, are updated on interim reports. Yields are based on mid-price, are gross, adjusted for a dividend of 20 pence and show the value of dividend distribution and notes. Estimated Net Asset Value (NAV) are shown for Investment Trusts. Prices per share, along with the percentage increase (or decrease) from the current closing share price. The NAV assumes prior charge at par value, convertible converted and warrants exercised at current prices. Highs and lows marked thus have been adjusted to allow for special dividends. Interim price increased or resumed. Minimum price reduced, ceased or deferred. Price of shares in the company's accounts. Rule 2 (1)(a) Overseas incorporated companies listed on an exchange other than the London Stock Exchange. First anniversary report available, see details below. Price at time of incorporation. Rule 4 (2)(a) High incorporated non-UK companies. Indicated dividend yield after paying zero and rights issue and notes are indicated in parentheses. Forecast dividend yield, plus based on earnings, updated by latest interim statement. Unquoted company investment scheme. Yield based on price of shares. F Yield based on price of shares. F0 (Foreign Income) F1 (Foreign Income) F2 (Foreign Income) F3 (Foreign Income) F4 (Foreign Income) F5 (Foreign Income) F6 (Foreign Income) F7 (Foreign Income) F8 (Foreign Income) F9 (Foreign Income) F10 (Foreign Income) F11 (Foreign Income) F12 (Foreign Income) F13 (Foreign Income) F14 (Foreign Income) F15 (Foreign Income) F16 (Foreign Income) F17 (Foreign Income) F18 (Foreign Income) F19 (Foreign Income) F20 (Foreign Income) F21 (Foreign Income) F22 (Foreign Income) F23 (Foreign Income) F24 (Foreign Income) F25 (Foreign Income) F26 (Foreign Income) F27 (Foreign Income) F28 (Foreign Income) F29 (Foreign Income) F30 (Foreign Income) F31 (Foreign Income) F32 (Foreign Income) F33 (Foreign Income) F34 (Foreign Income) F35 (Foreign Income) F36 (Foreign Income) F37 (Foreign Income) F38 (Foreign Income) F39 (Foreign Income) F40 (Foreign Income) F41 (Foreign Income) F42 (Foreign Income) F43 (Foreign Income) F44 (Foreign Income) F45 (Foreign Income) F46 (Foreign Income) F47 (Foreign Income) F48 (Foreign Income) F49 (Foreign Income) F50 (Foreign Income) F51 (Foreign Income) F52 (Foreign Income) F53 (Foreign Income) F54 (Foreign Income) F55 (Foreign Income) F56 (Foreign Income) F57 (Foreign Income) F58 (Foreign Income) F59 (Foreign Income) F60 (Foreign Income) F61 (Foreign Income) F62 (Foreign Income) F63 (Foreign Income) F64 (Foreign Income) F65 (Foreign Income) F66 (Foreign Income) F67 (Foreign Income) F68 (Foreign Income) F69 (Foreign Income) F70 (Foreign Income) F71 (Foreign Income) F72 (Foreign Income) F73 (Foreign Income) F74 (Foreign Income) F75 (Foreign Income) F76 (Foreign Income) F77 (Foreign Income) F78 (Foreign Income) F79 (Foreign Income) F80 (Foreign Income) F81 (Foreign Income) F82 (Foreign Income) F83 (Foreign Income) F84 (Foreign Income) F85 (Foreign Income) F86 (Foreign Income) F87 (Foreign Income) F88 (Foreign Income) F89 (Foreign Income) F90 (Foreign Income) F91 (Foreign Income) F92 (Foreign Income) F93 (Foreign Income) F94 (Foreign Income) F95 (Foreign Income) F96 (Foreign Income) F97 (Foreign Income) F98 (Foreign Income) F99 (Foreign Income) F100 (Foreign Income) F101 (Foreign Income) F102 (Foreign Income) F103 (Foreign Income) F104 (Foreign Income) F105 (Foreign Income) F106 (Foreign Income) F107 (Foreign Income) F108 (Foreign Income) F109 (Foreign Income) F110 (Foreign Income) F111 (Foreign Income) F112 (Foreign Income) F113 (Foreign Income) F114 (Foreign Income) F115 (Foreign Income) F116 (Foreign Income) F117 (Foreign Income) F118 (Foreign Income) F119 (Foreign Income) F120 (Foreign Income) F121 (Foreign Income) F122 (Foreign Income) F123 (Foreign Income) F124 (Foreign Income) F125 (Foreign Income) F126 (Foreign Income) F127 (Foreign Income) F128 (Foreign Income) F129 (Foreign Income) F130 (Foreign Income) F131 (Foreign Income) F132 (Foreign Income) F133 (Foreign Income) F134 (Foreign Income) F135 (Foreign Income) F136 (Foreign Income) F137 (Foreign Income) F138 (Foreign Income) F139 (Foreign Income) F140 (Foreign Income) F141 (Foreign Income) F142 (Foreign Income) F143 (Foreign Income) F144 (Foreign Income) F145 (Foreign Income) F146 (Foreign Income) F147 (Foreign Income) F148 (Foreign Income) F149 (Foreign Income) F150 (Foreign Income) F151 (Foreign Income) F152 (Foreign Income) F153 (Foreign Income) F154 (Foreign Income) F155 (Foreign Income) F156 (Foreign Income) F157 (Foreign Income) F158 (Foreign Income) F159 (Foreign Income) F160 (Foreign Income) F161 (Foreign Income) F162 (Foreign Income) F163 (Foreign Income) F164 (Foreign Income) F165 (Foreign Income) F166 (Foreign Income) F167 (Foreign Income) F168 (Foreign Income) F169 (Foreign Income) F170 (Foreign Income) F171 (Foreign Income) F172 (Foreign Income) F173 (Foreign Income) F174 (Foreign Income) F175 (Foreign Income) F176 (Foreign Income) F177 (Foreign Income) F178 (Foreign Income) F179 (Foreign Income) F180 (Foreign Income) F181 (Foreign Income) F182 (Foreign Income) F183 (Foreign Income) F184 (Foreign Income) F185 (Foreign Income) F186 (Foreign Income) F187 (Foreign Income) F188 (Foreign Income) F189 (Foreign Income) F190 (Foreign Income) F191 (Foreign Income) F192 (Foreign Income) F193 (Foreign Income) F194 (Foreign Income) F195 (Foreign Income) F196 (Foreign Income) F197 (Foreign Income) F198 (Foreign Income) F199 (Foreign Income) F200 (Foreign Income) F201 (Foreign Income) F202 (Foreign Income) F203 (Foreign Income) F204 (Foreign Income) F205 (Foreign Income) F206 (Foreign Income) F207 (Foreign Income) F208 (Foreign Income) F209 (Foreign Income) F210 (Foreign Income) F211 (Foreign Income) F212 (Foreign Income) F213 (Foreign Income) F214 (Foreign Income) F215 (Foreign Income) F216 (Foreign Income) F217 (Foreign Income) F218 (Foreign Income) F219 (Foreign Income) F220 (Foreign Income) F221 (Foreign Income) F222 (Foreign Income) F223 (Foreign Income) F224 (Foreign Income) F225 (Foreign Income) F226 (Foreign Income) F227 (Foreign Income) F228 (Foreign Income) F229 (Foreign Income) F230 (Foreign Income) F231 (Foreign Income) F232 (Foreign Income) F233 (Foreign Income) F234 (Foreign Income) F235 (Foreign Income) F236 (Foreign Income) F237 (Foreign Income) F238 (Foreign Income) F239 (Foreign Income) F240 (Foreign Income) F241 (Foreign Income) F242 (Foreign Income) F243 (Foreign Income) F244 (Foreign Income) F245 (Foreign Income) F246 (Foreign Income) F247 (Foreign Income) F248 (Foreign Income) F249 (Foreign Income) F250 (Foreign Income) F251 (Foreign Income) F252 (Foreign Income) F253 (Foreign Income) F254 (Foreign Income) F255 (Foreign Income) F256 (Foreign Income) F257 (Foreign Income) F258 (Foreign Income) F259 (Foreign Income) F260 (Foreign Income) F261 (Foreign Income) F262 (Foreign Income) F263 (Foreign Income) F264 (Foreign Income) F265 (Foreign Income) F266 (Foreign Income) F267 (Foreign Income) F268 (Foreign Income) F269 (Foreign Income) F270 (Foreign Income) F271 (Foreign Income) F272 (Foreign Income) F273 (Foreign Income) F274 (Foreign Income) F275 (Foreign Income) F276 (Foreign Income) F277 (Foreign Income) F278 (Foreign Income) F279 (Foreign Income) F280 (Foreign Income) F281 (Foreign Income) F282 (Foreign Income) F283 (Foreign Income) F284 (Foreign Income) F285 (Foreign Income) F286 (Foreign Income) F287 (Foreign Income) F288 (Foreign Income) F289 (Foreign Income) F290 (Foreign Income) F291 (Foreign Income) F292 (Foreign Income) F293 (Foreign Income) F294 (Foreign Income) F295 (Foreign Income) F296 (Foreign Income) F297 (Foreign Income) F298 (Foreign Income) F299 (Foreign Income) F300 (Foreign Income) F301 (Foreign Income) F302 (Foreign Income) F303 (Foreign Income) F304 (Foreign Income) F305 (Foreign Income) F306 (Foreign Income) F307 (Foreign Income) F308 (Foreign Income) F309 (Foreign Income) F310 (Foreign Income) F311 (Foreign Income) F312 (Foreign Income) F313 (Foreign Income) F314 (Foreign Income) F315 (Foreign Income) F316 (Foreign Income) F317 (Foreign Income) F318 (Foreign Income) F319 (Foreign Income) F320 (Foreign Income) F321 (Foreign Income) F322 (Foreign Income) F323 (Foreign Income) F324 (Foreign Income) F325 (Foreign Income) F326 (Foreign Income) F327 (Foreign Income) F328 (Foreign Income) F329 (Foreign Income) F330 (Foreign Income) F331 (Foreign Income) F332 (Foreign Income) F333 (Foreign Income) F334 (Foreign Income) F335 (Foreign Income) F336 (Foreign Income) F337 (Foreign Income) F338 (Foreign Income) F339 (Foreign Income) F340 (Foreign Income) F341 (Foreign Income) F342 (Foreign Income) F343 (Foreign Income) F344 (Foreign Income) F345 (Foreign Income) F346 (Foreign Income) F347 (Foreign Income) F348 (Foreign Income) F349 (Foreign Income) F350 (Foreign Income) F351 (Foreign Income) F352 (Foreign Income) F353 (Foreign Income) F354 (Foreign Income) F355 (Foreign Income) F356 (Foreign Income) F357 (Foreign Income) F358 (Foreign Income) F359 (Foreign Income) F360 (Foreign Income) F361 (Foreign Income) F362 (Foreign Income) F363 (Foreign Income) F364 (Foreign Income) F365 (Foreign Income) F366 (Foreign Income) F367 (Foreign Income) F368 (Foreign Income) F369 (Foreign Income) F370 (Foreign Income) F371 (Foreign Income) F372 (Foreign Income) F373 (Foreign Income) F374 (Foreign Income) F375 (Foreign Income) F376 (Foreign Income) F377 (Foreign Income) F378 (Foreign Income) F379 (Foreign Income) F380 (Foreign Income) F381 (Foreign Income) F382 (Foreign Income) F383 (Foreign Income) F384 (Foreign Income) F385 (Foreign Income) F386 (Foreign Income) F387 (Foreign Income) F388 (Foreign Income) F389 (Foreign Income) F390 (Foreign Income) F391 (Foreign Income) F392 (Foreign Income) F393 (Foreign Income) F394 (Foreign Income) F395 (Foreign Income) F396 (Foreign Income) F397 (Foreign Income) F398 (Foreign Income) F399 (Foreign Income) F400 (Foreign Income) F401 (Foreign Income) F402 (Foreign Income) F403 (Foreign Income) F404 (Foreign Income) F405 (Foreign Income) F406 (Foreign Income) F407 (Foreign Income) F408 (Foreign Income) F409 (Foreign Income) F410 (Foreign Income) F411 (Foreign Income) F412 (Foreign Income) F413 (Foreign Income) F414 (Foreign Income) F415 (Foreign Income) F416 (Foreign Income) F417 (Foreign Income) F418 (Foreign Income) F419 (Foreign Income) F420 (Foreign Income) F421 (Foreign Income) F422 (Foreign Income) F423 (Foreign Income) F424 (Foreign Income) F425 (Foreign Income) F426 (Foreign Income) F427 (Foreign Income) F428 (Foreign Income) F429 (Foreign Income) F430 (Foreign Income) F431 (Foreign Income) F432 (Foreign Income) F433 (Foreign Income) F434 (Foreign Income) F435 (Foreign Income) F436 (Foreign Income) F437 (Foreign Income) F438 (Foreign Income) F439 (Foreign Income) F440 (Foreign Income) F441 (Foreign Income) F442 (Foreign Income) F443 (Foreign Income) F444 (Foreign Income) F445 (Foreign Income) F446 (Foreign Income) F447 (Foreign Income) F448 (Foreign Income) F449 (Foreign Income) F450 (Foreign Income) F451 (Foreign Income) F452 (Foreign Income) F453 (Foreign Income) F454 (Foreign Income) F455 (Foreign Income) F456 (Foreign Income) F457 (Foreign Income) F458 (Foreign Income) F459 (Foreign Income) F460 (Foreign Income) F461 (Foreign Income) F462 (Foreign Income) F463 (Foreign Income) F464 (Foreign Income) F465 (Foreign Income) F466 (Foreign Income) F467 (Foreign Income) F468 (Foreign Income) F469 (Foreign Income) F470 (Foreign Income) F471 (Foreign Income) F472 (Foreign Income) F473 (Foreign Income) F474 (Foreign Income) F475 (Foreign Income) F476 (Foreign Income) F477 (Foreign Income) F478 (Foreign Income) F479 (Foreign Income) F480 (Foreign Income) F481 (Foreign Income) F482 (Foreign Income) F483 (Foreign Income) F484 (Foreign Income) F485 (Foreign Income) F486 (Foreign Income) F487 (Foreign Income) F488 (Foreign Income) F489 (Foreign Income) F490 (Foreign Income) F491 (Foreign Income) F492 (Foreign Income) F493 (Foreign Income) F494 (Foreign Income) F495 (Foreign Income) F496 (Foreign Income) F497 (Foreign Income) F498 (Foreign Income) F499 (Foreign Income) F500 (Foreign Income) F501 (Foreign Income) F502 (Foreign Income) F503 (Foreign Income) F504 (Foreign Income) F505 (Foreign Income) F506 (Foreign Income) F507 (Foreign Income) F508 (Foreign Income) F509 (Foreign Income) F510 (Foreign Income) F511 (Foreign Income) F512 (Foreign Income) F513 (Foreign Income) F514 (Foreign Income) F515 (Foreign Income) F516 (Foreign Income) F517 (Foreign Income) F518 (Foreign Income) F519 (Foreign Income) F520 (Foreign Income) F521 (Foreign Income) F522 (Foreign Income) F523 (Foreign Income) F524 (Foreign Income) F525 (Foreign Income) F526 (Foreign Income) F527 (Foreign Income) F528 (Foreign Income) F529 (Foreign Income) F530 (Foreign Income) F531 (Foreign Income) F532 (Foreign Income) F533 (Foreign Income) F534 (Foreign Income) F535 (Foreign Income) F536 (Foreign Income) F537 (Foreign Income) F538 (Foreign Income) F539 (Foreign Income) F540 (Foreign Income) F541 (Foreign Income) F542 (Foreign Income) F543 (Foreign Income) F544 (Foreign Income) F545 (Foreign Income) F546 (Foreign Income) F547 (Foreign Income) F548 (Foreign Income) F549 (Foreign Income) F550 (Foreign Income) F551 (Foreign Income) F552 (Foreign Income) F553 (Foreign Income) F554 (Foreign Income) F555 (Foreign Income) F556 (Foreign Income) F557 (Foreign Income) F558 (Foreign Income) F559 (Foreign Income) F560 (Foreign Income) F561 (Foreign Income) F562 (Foreign Income) F563 (Foreign Income) F564 (Foreign Income) F565 (Foreign Income) F566 (Foreign Income) F567 (Foreign Income) F568 (Foreign Income) F569 (Foreign Income) F570 (Foreign Income) F571 (Foreign Income) F572 (Foreign Income) F573 (Foreign Income) F574 (Foreign Income) F575 (Foreign Income) F576 (Foreign Income) F577 (Foreign Income) F578 (Foreign Income) F579 (Foreign Income) F580 (Foreign Income) F581 (Foreign Income) F582 (Foreign Income) F583 (Foreign Income) F584 (Foreign Income) F585 (Foreign Income) F586 (Foreign Income) F587 (Foreign Income) F588 (Foreign Income) F589 (Foreign Income) F590 (Foreign Income) F591 (Foreign Income) F592 (Foreign Income) F593 (Foreign Income) F594 (Foreign Income) F595 (Foreign Income) F596 (Foreign Income) F597 (Foreign Income) F598 (Foreign Income) F599 (Foreign Income) F600 (Foreign Income) F601 (Foreign Income) F602 (Foreign Income) F603 (Foreign Income) F604 (Foreign Income) F605 (Foreign Income) F606 (Foreign Income) F607 (Foreign Income) F608 (Foreign Income) F609 (Foreign Income) F610 (Foreign Income) F611 (Foreign Income) F612 (Foreign Income) F613 (Foreign Income) F614 (Foreign Income) F615 (Foreign Income) F616 (Foreign Income) F617 (Foreign Income) F618 (Foreign Income) F619 (Foreign Income) F620 (Foreign Income) F621 (Foreign Income) F622 (Foreign Income) F623 (Foreign Income) F624 (Foreign Income) F625 (Foreign Income) F626 (Foreign Income) F627 (Foreign Income) F628 (Foreign Income) F629 (Foreign Income) F630 (Foreign Income) F631 (Foreign Income) F632 (Foreign Income) F633 (Foreign Income) F634 (Foreign Income) F635 (Foreign Income) F636 (Foreign Income) F637 (Foreign Income) F638 (Foreign Income) F639 (Foreign Income) F640 (Foreign Income) F641 (Foreign Income) F642 (Foreign Income) F643 (Foreign Income) F644 (Foreign Income) F645 (Foreign Income) F646 (Foreign Income) F647 (Foreign Income) F648 (Foreign Income) F649 (Foreign Income) F650 (Foreign Income) F651 (Foreign Income) F652 (Foreign Income) F653 (Foreign Income) F654 (Foreign Income) F655 (Foreign Income) F656 (Foreign Income) F657 (Foreign Income) F658 (Foreign Income) F659 (Foreign Income) F660 (Foreign Income) F661 (Foreign Income) F662 (Foreign Income) F663 (Foreign Income) F664 (Foreign Income) F665 (Foreign Income) F666 (Foreign Income) F667 (Foreign Income) F668 (Foreign Income) F669 (Foreign Income) F670 (Foreign Income) F671 (Foreign Income) F672 (Foreign Income) F673 (Foreign Income) F674 (Foreign Income) F675 (Foreign Income) F676 (Foreign Income) F677 (Foreign Income) F678 (Foreign Income) F679 (Foreign Income) F680 (Foreign Income) F681 (Foreign Income) F682 (Foreign Income) F683 (Foreign Income) F684 (Foreign Income) F685 (Foreign Income) F686 (Foreign Income) F687 (Foreign Income) F688 (Foreign Income) F689 (Foreign Income) F690 (Foreign Income) F691 (Foreign Income) F692 (Foreign Income) F693 (Foreign Income) F694 (Foreign Income) F695 (Foreign Income) F696 (Foreign Income) F697 (Foreign Income) F698 (Foreign Income) F699 (Foreign Income) F700 (Foreign Income) F701 (Foreign Income) F702 (Foreign Income) F703 (Foreign Income) F704 (Foreign Income) F705 (Foreign Income) F706 (Foreign Income) F707 (Foreign Income) F708 (Foreign Income) F709 (Foreign Income) F710 (Foreign Income) F711 (Foreign Income) F712 (Foreign Income) F713 (Foreign Income) F714 (Foreign Income) F715 (Foreign Income) F716 (Foreign Income) F717 (Foreign Income) F718 (Foreign Income) F719 (Foreign Income) F720 (Foreign Income) F721 (Foreign Income) F722 (Foreign Income) F723 (Foreign Income) F724 (Foreign Income) F725 (Foreign Income) F726 (Foreign Income) F727 (Foreign Income) F728 (Foreign Income) F729 (Foreign Income) F730 (Foreign Income) F731 (Foreign Income) F732 (Foreign Income) F733 (Foreign Income) F734 (Foreign Income) F735 (Foreign Income) F736 (Foreign Income) F737 (Foreign Income) F738 (Foreign Income) F739 (Foreign Income) F740 (Foreign Income) F741 (Foreign Income) F742 (Foreign Income) F743 (Foreign Income) F744 (Foreign Income) F745 (Foreign Income) F746 (Foreign Income) F747 (Foreign Income) F748 (Foreign Income) F749 (Foreign Income) F750 (Foreign Income) F751 (Foreign Income) F752 (Foreign Income) F753 (Foreign Income) F754 (Foreign Income) F755 (Foreign Income) F756 (Foreign Income) F757 (Foreign Income) F758 (Foreign Income) F759 (Foreign Income) F760 (Foreign Income) F761 (Foreign Income) F762 (Foreign Income) F763 (Foreign Income) F764 (Foreign Income) F765 (Foreign Income) F766 (Foreign Income) F767 (Foreign Income) F768 (Foreign Income) F769 (Foreign Income) F770 (Foreign Income) F771 (Foreign Income) F772 (Foreign Income) F773 (Foreign Income) F774 (Foreign Income) F775 (Foreign Income) F776 (Foreign Income) F777 (Foreign Income) F778 (Foreign Income) F779 (Foreign Income) F780 (Foreign Income) F781 (Foreign Income) F782 (Foreign Income) F783 (Foreign Income) F784 (Foreign Income) F785 (Foreign Income) F786 (Foreign Income) F787 (Foreign Income) F788 (Foreign Income) F789 (Foreign Income) F790 (Foreign Income) F791 (Foreign Income) F792 (Foreign Income) F793 (Foreign Income) F794 (Foreign Income) F795 (Foreign Income) F796 (Foreign Income) F797 (Foreign Income) F798 (Foreign Income) F799 (Foreign Income) F800 (Foreign Income) F801 (Foreign Income) F802 (Foreign Income) F803 (Foreign Income) F804 (Foreign Income) F805 (Foreign Income) F806 (Foreign Income) F807 (Foreign Income) F808 (Foreign Income) F809 (Foreign Income) F810 (Foreign Income) F811 (Foreign Income) F812 (Foreign Income) F813 (Foreign Income) F814 (Foreign Income) F815 (Foreign Income) F816 (Foreign Income) F817 (Foreign Income) F818 (Foreign Income) F819 (Foreign Income) F820 (Foreign Income) F821 (Foreign Income) F822 (Foreign Income) F823 (Foreign Income) F824 (Foreign Income) F825 (Foreign Income) F826 (Foreign Income) F827 (Foreign Income) F828 (Foreign Income) F829 (Foreign Income) F830 (Foreign Income) F831 (Foreign Income) F832 (Foreign Income) F833 (Foreign Income) F834 (Foreign Income) F835 (Foreign Income) F836 (Foreign Income) F837 (Foreign Income) F838 (Foreign Income) F839 (Foreign Income) F840 (Foreign Income) F841 (Foreign Income) F842 (Foreign Income) F843 (Foreign Income) F844 (Foreign Income) F845 (Foreign Income) F846 (Foreign Income) F847 (Foreign Income) F848 (Foreign Income) F849 (Foreign Income) F850 (Foreign Income) F851 (Foreign Income) F852 (Foreign Income) F853 (Foreign Income) F854 (Foreign Income) F855 (Foreign Income) F856 (Foreign Income) F857 (Foreign Income) F858 (Foreign Income) F859 (Foreign Income) F860 (Foreign Income) F861 (Foreign Income) F862 (Foreign Income) F863 (Foreign Income) F864 (Foreign Income) F865 (Foreign Income) F866 (Foreign Income) F867 (Foreign Income) F868 (Foreign Income) F869 (Foreign Income) F870 (Foreign Income) F871 (Foreign Income) F872 (Foreign Income) F873 (Foreign Income) F874 (Foreign Income) F875 (Foreign Income) F876 (Foreign Income) F877 (Foreign Income) F878 (Foreign Income) F879 (Foreign Income) F880 (Foreign Income) F881 (Foreign Income) F882 (Foreign Income) F883 (Foreign Income) F884 (Foreign Income) F885 (Foreign Income) F886 (Foreign Income) F887 (Foreign Income) F888 (Foreign Income) F889 (Foreign Income) F890 (Foreign Income) F891 (Foreign Income) F892 (Foreign Income) F893 (Foreign Income) F894 (Foreign Income) F895 (Foreign Income) F896 (Foreign Income) F897 (Foreign Income) F898 (Foreign Income) F899 (Foreign Income) F900 (Foreign Income) F901 (Foreign Income) F902 (Foreign Income) F903 (Foreign Income) F904 (Foreign Income) F905 (Foreign Income) F906 (Foreign Income) F907 (Foreign Income) F908 (Foreign Income) F909 (Foreign Income) F910 (Foreign Income) F911 (Foreign Income) F912 (Foreign Income) F913 (Foreign Income) F914 (Foreign Income) F915 (Foreign Income) F916 (Foreign Income) F917 (Foreign Income) F918 (Foreign Income) F919 (Foreign Income) F920 (Foreign Income) F921 (Foreign Income) F922 (Foreign Income) F923 (Foreign Income) F924 (Foreign Income) F925 (Foreign Income) F926 (Foreign Income) F927 (Foreign Income) F928 (Foreign Income) F929 (Foreign Income) F930 (Foreign Income) F931 (Foreign Income) F932 (Foreign Income) F933 (Foreign Income) F934 (Foreign Income) F935 (Foreign Income) F936 (Foreign Income) F937 (Foreign Income) F938 (Foreign Income) F939 (Foreign Income) F940 (Foreign Income) F941 (Foreign Income) F942 (Foreign Income) F943 (Foreign Income) F944 (Foreign Income) F945 (Foreign Income) F946 (Foreign Income) F947 (Foreign Income) F948 (Foreign Income) F949 (Foreign Income) F950 (Foreign Income) F951 (Foreign Income) F952 (Foreign Income) F953 (Foreign Income) F954 (Foreign Income) F955 (Foreign Income) F956 (Foreign Income) F957 (Foreign Income) F958 (Foreign Income) F959 (Foreign Income) F960 (Foreign Income) F961 (Foreign Income) F962 (Foreign Income) F963 (Foreign Income) F964 (Foreign Income) F965 (Foreign Income) F966 (Foreign Income) F967 (Foreign Income) F968 (Foreign Income) F969 (Foreign Income) F970 (Foreign Income) F971 (Foreign Income) F972 (Foreign Income) F973 (Foreign Income) F974 (Foreign Income) F975 (Foreign Income) F976 (Foreign Income) F977 (Foreign Income) F978 (Foreign Income) F979 (Foreign Income) F980 (Foreign Income) F981 (Foreign Income) F982 (Foreign Income) F983 (Foreign Income) F984 (Foreign Income) F985 (Foreign Income) F986 (Foreign Income) F987 (Foreign Income) F988 (Foreign Income) F989 (Foreign Income) F990 (Foreign Income) F991 (Foreign Income) F992 (Foreign Income) F993 (Foreign Income) F994 (Foreign Income) F995 (Foreign Income) F996 (Foreign Income) F997 (Foreign Income) F998 (Foreign Income) F999 (Foreign Income) F1000 (Foreign Income)

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with £. Please quote the code FT2691. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 3822. Reports will be sent the next working day, subject to availability.

FT Company Focus / Focus Plus

Comprehensive 10-18 page report available on this company, containing key news stories from the last year, latest survey of City profit forecasts and investment recommendations, 5 year financial and share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements. Company Focus (FT news) £2.45. Focus Plus (FT and Investors Chronicle news) £10.55. To order, call 0121 200 4678. Reports published by Sharefinder Ltd.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details. An international service is available for callers outside the UK, annual subscription £250 p.a. Call 0171 873 4376 for more information on FT Cityline. For readers phoning from outside UK, please dial +44 in place of the first 0. The share prices printed on these pages are also available on the internet at http://www.ft.com.

LONDON STOCK EXCHANGE

Bid fails to put sparkle into FTSE 100 index

MARKET REPORT

By Peter John

A stock market looking for direction found it briefly with a bid and then lost its nerve over interest rates.

Dealers began the week happy to keep their books flat to short ahead of a clutch of significant economic data.

The FTSE 100 index was marginally easier at the start of trading as equities responded to a weaker gilt market. In turn, bonders were reacting to the possibility that tomorrow's meeting between the chancellor of the exchequer and the governor of

the Bank of England could herald a rate rise.

The theory is that the meeting represents the last chance before May to tinker with monetary policy. After the meeting comes the Budget and, after that, the country shifts into general election territory and any move would be considered political.

However, shortly after the opening, CE Electric of the US launched a \$65m offer for Northern Electric.

A bid in the utilities sector was predicted last week, but the actuality reminded the market that the takeover bandwagon might have further to roll and the prospect of an injection of cash dis-

pelled the Monday mood.

There was a rush of buying in the futures market as dealers, who have hedged against a downturn by holding short positions, raced to cover themselves against a bid-inspired rally.

And Footsie built on the gain as sterling showed no sign of giving up its seemingly unstoppable rally. The currency rose nearly a cent against the dollar and half a pence against the D-Mark.

A stronger pound hits big overseas earners such as the pharmaceuticals leaders. Thus sterling's rise might offset the argument for a rate boost, which would tend to increase the attraction of the currency.

Mr John Sheppard, the chief economist with Yamaichi, pointed out yesterday: "The interest rate debate has swung from whether the chancellor can risk another rate cut to whether he can avoid a rate hike."

However, he added: "The recent marginal drop in retail sales and the strength of sterling will give some ammunition to fight off the governor."

Sterling's buoyancy has also encouraged increased overseas investment and some traders noted steady European buying yesterday.

Nevertheless, there was not enough to sustain the morning rally. Footsie failed to respond to

a strong opening on Wall Street preferring to dwell not only on tomorrow's Ken and Eddle show, but also on UK consumer credit data on Thursday and - from the US - payroll and GDP figures.

From showing a gain of 15 points at best, Footsie edged lower to end the day only 4.9 points up at 4,025.3. It was left to the FTSE 250 Index, which includes a heavy dose of utilities companies, to show any real vitality. The 250 rose 11.6 to end the day at 4,443.1.

Total turnover of 641.4m shares of which 57 per cent was in non-Footsie stocks. Genuine customer business on Friday was worth £1.45bn.

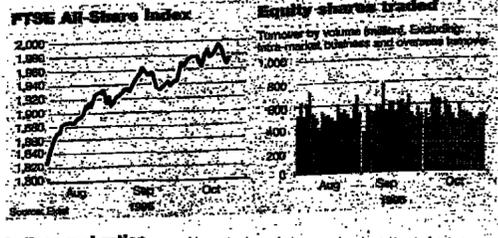


Table with columns: Index and ratios, FTSE 100, FTSE 250, FTSE 350, FTSE All-Share, FTSE All-Share yield.

Table with columns: Best performing sectors, Worst performing sectors.

Northern soars on hostile bid

By Joel Kibazo, Lisa Wood, Ranraj Gogna

Northern Electric is the main talking point of the day as dealers argued over the likely exit price for the distributor following a hostile 630p a share bid from CE Electric. CE is 70 per cent owned by CalEnergy of the US.

Northern, which last year escaped the clutches of Trafalgar House, not only rejected the bid, but also revealed it had been in discussions with its predator over the weekend which culminated in a proposal of an offer around the 700p a share mark. CE later denied making such a suggestion.

Shares in the group raced forward on news of the bid and a market raid for Northern stock. They gained nearly 25 per cent as the stock jumped 128 to 648p, the 250 index.

Turnover rose to a hefty 21m with ABN Amro Hoare Govett, acting on behalf of CE Electric, having bought 12.8m shares at 630p a share, the equivalent of 12.7 per cent of Northern's issued share capital.

Market specialists suggested it is now simply a matter of price and several suggested the predator may only have to raise its offer by a small amount to make

Northern the fourth UK electricity utility to come under US control.

One analyst said: "I can't see a white knight coming in. There are other regional electricity companies to go for without getting involved in a bid battle."

The bid for Northern triggered renewed bid talk in several other stocks in the sector. They included London, which advanced 18% to 608 1/2p, while Yorkshire hardened a penny to 744 1/2p. Southern was also in demand and ended the day 17% ahead at 647 1/2p.

However, it was a bad day for last week's bid favourite East Midlands Electricity. Many had expected the group to be the next takeover candidate and the absence of such an announcement yesterday brought out the sellers. The shares fell 15 to 645 1/2p, in trade of 2.5m.

Abbey up

Banking group Abbey National was the best Footsie performer with the help of a broker's recommendation. As the session drew to a close, the shares showed a gain of 16 to 636p, with 7.6m having been dealt.

Analysts at Merrill Lynch yesterday reiterated their positive stance, suggesting the stock to be "undervalued", having trailed the market by around 7 per cent over the last three months and by 12 per cent over a six-month period.

They also pointed out that events such as yesterday's confirmation that the Alli-

ance & Leicester Building Society is to convert to a bank and float on the stock exchange is likely to trigger a change of attitude towards the sector.

The float, with others such as Halifax and Woolwich due, will largely go into the hands of private investors, which should benefit Abbey as institutions search for stock in the expanded sector.

DFS active

DFS Furniture climbed 16% to 554p after NatWest Securities completed the placing of about 21m shares at 533p per share on behalf of the family of Sir Graham Kirkham, its chairman.

Dealers said the placing had gone well and that the shares rose after the stock overhang had been removed. The children of Sir Graham announced their intention to

FT 30 INDEX

Table with columns: FT 30, Oct 28, Oct 25, Oct 24, Oct 23, Oct 22, Yr ago, High, Low.

Table with columns: SEAO bargains, Equity turnover (m), Equity bargains, Shares traded (m), Excluding intra-market transfers and overseas turnover.

Table with columns: FTSE AIM, Oct 28, Oct 25, Oct 24, Oct 23, Oct 22, Yr ago, High, Low.

Table with columns: London market data, Rises and falls, 52 Week highs and lows, LIFFE Equity options.

Table with columns: Total Rises, Total Falls, Cuts, Puts.

sell the majority of their 23 per cent stake at the company's full-year results. The children now hold about 2 per cent.

British Aerospace and GEC rose following a press report over the weekend that the Ministry of Defence had decided not to oppose a defence deal between the two groups.

Dealers traded large volumes on both stocks, where BAe gained 2 1/2% to close at 1168 1/2p, and GEC rose 7 to close at 378 1/2p. The events surrounding BAe and GEC reflect the continued optimism in the aerospace market both in the short and medium term.

Following speculation over a possible merger between Vickers and GKN, the former rose 1 1/2% to 300p and the latter 2 1/2% to 1172 1/2p.

Rolls-Royce reacted negatively to two developments. The company confirmed it will issue redundancy notices to all 1,700 staff at its turbine plant in Tyneside.

This offset news of a 250m order to supply burners to Portugal and the shares fell 3 1/2% to close at 264p.

Wolesey the builders merchant which went ex-dividend yesterday, hardened 2 1/2% to 485p despite cautious comment from NatWest Securities. The broker reiterated its "reduce" stance concerned at the outlook for trading in the US. It added: "Wolesey is a great company. It has a niche franchise within the distribution sector and its track record is commendable."

Peasong initially fell after weekend media reports suggesting the shares were "hopelessly overvalued". However, towards the close of trading, the shares revived 5 1/2% to 736p after Mr Derek Terrington, media analyst at Teather & Greenwood, suggested the stock should be bought. He repeated speculation that new top management was set to re-examine Pearson's broad spread of businesses, with significant disposals possible.

Boots fell 5 to 637 1/2p on speculation that Marks & Spencer is to launch a range of over-the-counter pharmaceuticals. However, M&S said it was not planning to go into the sector other than vitamins and minerals.

Storehouse weakened 7 to 287 1/2p on concerns over sales growth ahead of its interim.

Kenwood Appliances added 8 1/2% to 250 1/2p after reports that UK Active Value Fund is pressing the board of the household goods manufacturer to put the company up for sale.

The fund, which owns 9 per cent of Kenwood, is planning to requisition an

extraordinary meeting to push through its demands.

Watson & Philip fell 4 1/2% to 420 1/2p after the group issued a profits warning because of an overrun in costs at a new development in its food service division.

Analysts downgraded forecasts although there seemed to be little concern for the longer term.

A rise in interim profit resulted in Gramplan TV rising 2 1/2% to 292p.

ITV eased 1 1/2% to 369 1/2p. Last week United News & Media, which was up 2 1/2% to 67 1/2p, acquired a 20 per cent stake in the company from Scottish TV and stated that it had no intention of making an offer for the balance. Scottish TV fell 2 1/2% to 732 1/2p.

FUTURES AND OPTIONS

Table with columns: FTSE 100 INDEX FUTURES (LIFFE) 25p per full index point, Open, High, Low, Settle, Change.

Table with columns: FTSE 250 INDEX FUTURES (LIFFE) 210p per full index point, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: FTSE 100 INDEX OPTION (LIFFE) 4000p per full index point, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: FTSE 100 INDEX OPTION (LIFFE) 4000p per full index point, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: FTSE 100 INDEX OPTION (LIFFE) 210p per full index point, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

Table with columns: FTSE 100 INDEX OPTION (LIFFE) 210p per full index point, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec.

TRADING VOLUME

Table with columns: Major Stocks Yesterday, Volume, Change.

Table with columns: Major Stocks Yesterday, Volume, Change.

LONDON RECENT ISSUES: EQUITIES

Table with columns: Issue, Amt, Mkt, Price, High, Low, Stock, Close, Change, Div, Yld, P/E, Net, Dv, Gs, P/E.

FT GOLD MINES INDEX

Table with columns: Gold Mines Index, Oct 28, Oct 25, Oct 24, Oct 23, Oct 22, Yr ago, High, Low.

International financial news from a European perspective. AFX NEWS logo.

If you need to know what's moving Europe's markets, you need AFX NEWS, the real-time English language newswire that gives the latest international financial and corporate news.

FOCUS ON FINANCIAL EUROPE. A JOINT VENTURE OF FINANCIAL TIMES GROUP AND AGENCE FRANCE PRESSE.

FTSE Actuarial Share Indices. The UK Series. Tables for FTSE 100, FTSE 250, FTSE 350, FTSE All-Share, FTSE Actuarial Industry Sectors, FTSE Actuarial Trusts, FTSE Actuarial Baskets, FTSE Actuarial Hourly Movements, FTSE Actuarial 350 Industry Baskets.

FTSE INTERNATIONAL logo and contact information.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

Main table of world stock markets with columns for country, stock name, price, and change. Includes sections for EUROPE, ASIA, PACIFIC, and AMERICA.

Advertisement for Peregrine: 'Fixed on Asian Income'. Text: 'Peregrine has the largest team of professionals dedicated to the origination and distribution of Asian fixed income securities. PEREGRINE Asian focus, global distribution.'

Table of stock indices: DAX, CAC-40, Nikkei, Hang Seng, etc. Columns include index name, price, and change.

Table of US indices: Dow Jones, S&P 500, NASDAQ, etc. Columns include index name, price, and change.

Table of regional stock markets: SOUTH AFRICA, SOUTH KOREA, THAILAND, etc. Columns include market name, price, and change.

Footer text containing market data, company names, and contact information for various financial institutions.

4 pm close October 28

NEW YORK STOCK EXCHANGE PRICES

Main table containing stock prices for various companies, organized by sector and alphabetically. Includes columns for stock name, price, and change.

Advertisement for Hewlett-Packard featuring the slogan 'Vault ahead' and the text 'If the business decisions are yours, the computer system should be ours.' Includes the HP logo and website URL.

4 pm close October 28

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', '-V-', '-W-', '-U-', and '-T-'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for '-L-', '-E-', '-M-', '-F-', '-G-', '-X-Y-Z-', '-H-', '-I-', '-J-', '-K-', '-L-', '-M-', '-N-', '-O-', '-P-', '-Q-', '-R-', '-S-', '-T-', '-U-', '-V-', '-W-', '-X-', '-Y-', '-Z-'.

AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, change, and volume.

Advertisement for 'Spain' featuring the headline 'Have your FT hand delivered in Spain.' and text describing the benefits of having the Financial Times delivered to homes or offices in Spain.

Dow trades narrowly at mid-session Dax ignores bonds to climb above 2,700

AMERICAS

US shares were flat at mid-session with little in the way of corporate earnings reports or economic data to provide the market with a direction, writes Lisa Branstetter in New York.

Shares started with strong gains as momentum from Friday seemed to carry over into the new session, but by midday most of the leading indices had retreated into negative territory.

At 1 pm, Dow Jones Industrial Index was off 1.46 at 6,006.53 and the American Stock Exchange composite was 0.64 weaker at 569.15, while the Standard & Poor's 500 crept up by 0.26 to 701.18.

Technology shares were also mostly flat on a mixed performance by the largest companies in the sector. The Nasdaq composite was 0.66 lower at 1,221.94 and the Pacific Stock Exchange technology index slipped 0.3 per cent.

With the earnings reporting season largely over, analysts expected shares to trade in a narrow range until there were economic data that provided a clear indication of the direction of the US economy.

That could come from today's release of the third-quarter employment cost index or tomorrow's release of data on third-quarter economic growth. The most

important figures of the week, however, are likely to be in Friday's report payroll employment in October.

Among the four largest technology companies on the Nasdaq, Intel advanced \$1 at 106%, Microsoft was \$11 stronger at \$137 and Oracle Systems added \$4 at \$42%, while Cisco Systems lost \$1 at \$58%.

The strongest performers on the Dow were Minnesota Mining & Manufacturing, up 3% at \$75, Procter & Gamble, 1% stronger at \$95, and Philip Morris, which added \$1/4 at \$93%.

Locitex, the maker of chemical sealants and adhesives, jumped 11% to \$67 on news that Henkel was in the market to acquire the 65 per cent of the company it did not already own.

TORONTO gained ground after the tenth interest rate cut this year by the Bank of Canada, aimed at providing a further boost to the economy. By noon, the TSE-300 composite index was 18.00 higher at 5,568.50.

Bre-X Minerals jumped \$3.80 to \$24.60 as it forged an alliance with Indonesia's Pamutan Duta, under which Pamutan would help Bre-X to develop its Busang gold deposit.

Tarxien, the motor components company, picked up \$1.40 to \$13.90 as its board said that it would recommend shareholders to accept a \$14.10 a share offer from Gecamex Technologies.

Mexico City ahead

MEXICO CITY moved ahead during the morning session with sentiment underpinned by the weekend renewal of the "economic pact" between the government, business and the unions, together with the onset of the third-quarter results season.

The IPC general index was up 7.32 at 3,240.60 at mid-session.

CARACAS also overturned last week's weakness, improving steadily in early trading. At mid-session the

IBC index was 42.19 higher at 6,015.68. Dealers said that the market was mostly casting around for fresh leads. "Almost everyone is waiting for details of the CANTV flotation," said one trader.

BUENOS AIRES was modestly ahead at the close of the morning session with the Merval index 0.11 better at 559.68. Brokers said investors were starting to move back into the market after the recent heightened worries over state corruption.

EUROPE

Good performances by a number of index heavyweights allowed FRANKFURT to shrug off the negative influence of a limp bond market and climb back above 2,700 on the Dax.

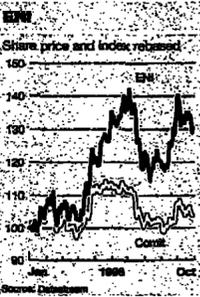
BASF and Metro powered ahead by more than 3 per cent and Daimler-Benz, Volkswagen and Continental all put on more than 2.5 per cent. At the close, the Dax was up 12.54 at an Ibis-indicated 2,708.33.

News of joint venture talks with DSM of the Netherlands pushed BASF up by DM1.57 to DM48.89, and Metro, depressed lately by tax concerns, gained DM3.90 to DM130.40 after the top retailer announced that there was "no need" to correct recent prospectus statements.

VW ended DM14.75 better at DM587.75 after confirmation that the German ministry of justice plans to scrap corporate voting rights restrictions. Daimler rose DM2.47 to DM89.90, mostly in sympathy.

Continental ended 6% pig better at DM76.50. Bankgesellschaft Berlin, which is in cooperation talks with Norddeutsche Landesbank, dipped 35 pig to DM27.75.

PARIS shares turned weaker in modest volume and, at the close, the CAC 40



Share price and index movement

index was down 12.04 at 2,150.39.

Lagarde, off sharply on Friday, continued to be buffeted by profit-taking, this time prompted by talk that its takeover of the Thomson group may face political hurdles.

The shares fell almost 7 per cent to close off FF11.50 at FF154.5 for a two-day decline of FF15.50.

Uzinor Scallor rose strongly following an upbeat press report. The shares jumped more than 2 per cent on talk of tender offers for steel makers, ending up FF2.00 at FF77.30.

Rhone-Poulenc continued to improve as investors warmed to Friday's strong nine-month results. The

shares added FF9.00 to FF150.

Sligos and Axime, two computer groups, were suspended at the opening after the announcement of Link-up talks. There was speculation that the shares would rise sharply when dealings resume.

AMSTERDAM traded narrowly to end with the AEX index little changed. DSM came off 50 cents to F116.60 ahead of third-quarter results today in spite of news of joint venture talks with the German chemicals giant BASF.

Philips, a strong market at the close of last week on hopes of a restructuring recovery in 1997, eased back 90 cents to F161.30. Hoogovens shot ahead on hopes for an upturn in European steel prices. It gained 90 cents to F162.40.

At the close, the AXE index was 0.97 better at 581.15.

STOCKHOLM was pulled higher by a 2.4 per cent rise in Ericsson, whose shares gained in New York on Friday and ahead of today's nine-month results, widely expected to show a near 30 per cent rise in pre-tax profits. Ericsson added SKr4.50 to SKr189 and the AFRAX-vidren general index finished 11.0 higher at 2,191.7.

Autoliv picked up SKr3 to SKr286.50 as the car safety

FTSE Actuaries Share Indices

Table with columns for Index Name, Open, High, Low, Close, and Change. Includes FTSE 100, FTSE 200, and various sector indices.

THE EUROPEAN SERIES

Table with columns for Index Name, Open, High, Low, Close, and Change. Includes European 100, European 200, and various regional indices.

FTSE Actuaries Share Indices

Table with columns for Index Name, Open, High, Low, Close, and Change. Includes FTSE 100, FTSE 200, and various sector indices.

THE EUROPEAN SERIES

Table with columns for Index Name, Open, High, Low, Close, and Change. Includes European 100, European 200, and various regional indices.

Pta6,700 on nine-month results that were in line with expectations, although they underperformed other banks' results.

WARSAW lost 2.6 per cent, continuing lower for a ninth consecutive session, and analysts warned that stronger selling pressure suggested that the main market would face further profit-taking today, before a possible rebound.

Conditions for such a rebound, they said, could include agreement between the two parties in the ruling coalition on tax rates for next year, after the lower house of parliament's surprise vote last Thursday, cutting taxes for low earners.

The Wig index fell 350.4 to 18,149.0. Dealers said that a 2.80 zloty tumble to 25.40 zlotys was exaggerated by low turnover in the share.

TEL AVIV fell 1.6 per cent, registering disappointment at a lower-than-expected 0.3 percentage point reduction in short-term interest rates to 15.2 per cent. The Mishkanim index lost 2.78 to 185.25, but in low turnover, with news of the failure of talks with the Palestinians over Hebron adding to the downturn mood. First International Bank of Israel fell 1.8 per cent to Shk33.92.

Written and edited by Michael Morgan and Jeffrey Brown

Manila tumbles 3.7% as Tokyo stages rebound

Worries about corporate earnings sent MANILA tumbling lower in heavy volume and the composite index fell 3.7 per cent, its steepest ever one-day decline.

The market was in black mood from the opening bell following disappointing profits on Friday from Philippine National, the leading bank, and from Pital, the mobile phones group hit by fraud losses.

Shares fell through the important 2,900 level early in the session and at the close the index was off 110.44 at 2,852.16, its lowest level for seven months.

PNB ended 10 pesos lower at 312 pesos. Pital moved to a new low for the year of 23 pesos, down 1 peso.

TOKYO rebounded sharply to break a five-day losing streak as the yen's fall against the dollar drove up some export-oriented issues, writes Owen Robinson.

Trading volume, however, slid as investors were cautious after last week's 4.2 per cent tumble in the 225 index.

The Nikkei average added 145.44 to close at 20,885.41 after fluctuating between 20,738.17 and 20,907.37. The Topix index of all first-section stocks climbed 7.18 to 1,564.94, and the capital-weighted Nikkei 300 was up 1.13 at 293.12. Advances led declines 718 to 318 with 195 unchanged. Volume, however, plunged to 196m shares against last Friday's 311m.

In London, the ISE/Nikkei 50 index climbed 2.74 to 1,420.89.

Traders noted large-lot buying by some domestic institutional investors, but saw the market somewhat reluctant to take positions either way amid political uncertainty and in the absence of fresh incentives.

The yen's further fall against the dollar encouraged some buying of export-oriented issues, but deterred foreign investors who traded Japanese shares on a dollar basis and saw greater risks in chasing higher prices on the Tokyo market.

However, securities analysts saw prospects for an imminent share market rally given growing concerns about overheating in the booming bond market where key bond futures reached highs for the sixth consecutive trading day.

Export-oriented blue chips, including high-tech companies and most car makers, benefited from the weaker yen. NEC added Y20 to Y1,340 and Sony climbed Y30 to Y6,890. Toshiba, the day's most active stock, rose Y2 to Y735 on heavy buying following the company's announcement last Friday of improved profits for the first half of September.

Among car makers, Honda Motor rose Y20 to Y2,700 and Toyota Motor added Y10 to Y2,700. Nissan Motor, however, fell Y5 to Y858 on foreign selling.

Oil refiners gained ground, reflecting higher crude

prices on the international market. Tomen was up Y20 to Y1,580 and Nippon Oil gained Y18 to Y67.

In Osaka, the OSE average added 58.72 to 21,967.96 in volume of 11.6m shares.

HONG KONG was hit by an afternoon slide as a pause in the market's recent rally prompted profit-taking. The Hang Seng index closed 125.61 lower at 12,262.77 in turnover that eased to HK\$5.5bn.

Strong property stocks led the decline with Cheung Kong and Sun Hung Kai Properties each down HK\$1 at HK\$80.25 and HK\$85 respectively. Hysan Development bucked the trend to end 10 cents up at HK\$24.30.

SINGAPORE was depressed by profit-taking after last week's modest run-up and by disappointing first-half results from Singapore Airlines.

SIA's foreign share tranche closed down S\$1 at S\$13 and its local shares were 5 cents weaker at S\$7.55 as DBS Securities cut its recommendation on the stock. The Straits Times Industrials index ended 9.35 lower at 2,067.85, reversing the gains of the previous four sessions.

KUALA LUMPUR saw blue chips succumb to profit-taking as investors took a largely upbeat view of last Friday's budget, while the second board surged to

an all-time high. The composite index fell 10.88 to 1,162.08 while the Second Board index was up 5.74 to 697.10.

SEoul lost ground on fears of an oversupply of shares next month when rights issues were expected to account for Won700bn and about Won200bn-worth of margin loans will have to be paid back. The composite index fell 11.73 to 780.06.

KARACHI finished higher as investors squared positions for the close of the account, but political unrest kept sentiment mixed.

Brokers said there were rumours of foreign buying, but that the overall mood was clouded by reports of

more clashes between police and Islamic militant demonstrators in Islamabad and nearby Rawalpindi. The 100-share index rose ended 1.61 higher at 1,433.94.

BANGKOK moved lower ahead of economic indicators to be released this week. The SET index closed off 6.78 at 931.51 for a three-day decline of 19 points. Concern about next month's general election was also beginning to emerge, said one broker.

SYDNEY closed slightly lower after a clear shakeout for resource stocks. The All Ordinaries Index ended off 1.1 at 2,394.1. BHP shed 25 cents to A\$18.85 and CRA 17 to A\$19.35.

Wellington was closed.

MARKETS IN PERSPECTIVE

Table showing market performance in local currency and US dollars for various regions including Americas, Europe, Asia Pacific, and World Index.

Rand hits S Africa industrials

Johannesburg's industrial shares ended weak on busy trading under pressure from an ailing rand, but gold shares were lifted by a better rand gold price and stronger bullion.

The overall index fell 20.9 to 6,964.3, industrials fell 37.5 to 8,221.4 and gold trading under pressure from an ailing rand, but gold shares were lifted by a better rand gold price and stronger bullion.

execution

LIFFE's Three Month ECU Future

Advertisement for LIFFE's Three Month ECU Future, including designated market makers, contract details, and contact information for David Angel or Richard Powell.